Daily Report

East Europe

FBIS-EEU-92-034
Thursday
20 February 1992

Daily Report
East Europe

FBIS-EEU-92-034 *20 February 1992*

CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

FRONT PAGE

ALBANIA

Communist Party Aktiv Launches Electoral Campaign *[Tirana Radio]* 2
Socialist Party Organizes Campaign Meeting *[ATA]* 2
Social Democratic Party Holds Meeting in Vlore *[ATA]* 2

BULGARIA

SDS Warns BSP To Stop Appealing for Overthrow *[BTA]* 3
Kalugin Details KGB Involvment in Markov Murder *[BTA]* 3

CZECHOSLOVAKIA

Carnogursky: U.S. Human Rights Report 'Objective' *[CSTK]* 4
Russian Offer for Ecological Damage Unacceptable *[Prague Radio]* 4
Russian Envoy Allays Fears on Oil, Debt Repayment *[HOSPODARSKE NOVINY 18 Feb]* 4
Baksay Seeks Legislation To Control Arms Trade *[RUDE PRAVO 14 Feb]* 4
Miklos Opposes Territorial Division of Privatization *[NARODNA OBRODA 15 Feb]* 5
Carnogursky Discusses KDH 'Differences of Opinion' *[SLOVENSKY DENNIK 14 Feb]* 5
KDH Statement on Rejection of Draft Treaty *[SLOVENSKY DENNIK 17 Feb]* 6
Dienstbier To Be Civic Movement Election Leader *[LIDOVE NOVINY 17 Feb]* 6

POLAND

Paper Claims Soviet Troop Withdrawal Halted *[PAP]* 7
Defense Official Interviewed on Soviet Pullout *[POLSKA ZBROJNA 13 Feb]* 7
Olszewski Issues 'State of Nation' Report *[RZECZPOSPOLITA 12 Feb]* 9

ROMANIA

Bucharest Mayoral Contestants Outline Goals *[ROMPRES]* 16
PDAR Leader Reviews Party's Election Results *[ROMPRES]* 16
Campeanu Opposes Manolescu's Presidential Candidacy *[ROMPRES]* 16
Cabinet Discusses Further Election Measures *[Bucharest Radio]* 16

YUGOSLAVIA

Federal

Government Welcomes UN Peacekeeping Forces *[TANJUG]* 17
FEC Issues Statement *[TANJUG]* 17

Bosnia-Hercegovina

Serbian Movement Says Referendum 'Illegal' *[TANJUG]* 17
EC To Monitor Referendum *[TANJUG]* 18
Protest Interrupts Sarajevo Media Programming *[Sarajevo Radio]* 18
SDA's Ajanovic Offers Views on Current Issues *[Belgrade Radio]* 18
Territorial Partition Discussed in Mostar *[OSLOBODJENJE 6 Feb]* 19

Croatia

Separovic, Vance Discuss UN Operation *[Zagreb Radio]* 19
Diplomatic Relations Established With Finland *[TANJUG]* 20
Krajina Government Proposes Referendum on UN Plan *[TANJUG]* 20
Bans Volunteering in Territorial Army *[TANJUG]* 20
Weekly Announces New Foreign Affairs Minister *[TANJUG]* 20
Tudjman on UN Peace Troops, Minority Issue *[Vienna DER STANDARD 19 Feb]* 21
Tudjman on Babic, Occupied Territories, Bosnia *[VJESNIK 4 Feb]* 22

Macedonia

Crude Oil Deliveries Arrive From Greece *[Belgrade Radio]* 25
Ethnic Commission Formed; No Serbs Represented *[TANJUG]* 25
Ethnic Albanians Hold Party Congress *[FLAKA E VELLAZERIMIT 12 Feb]* 25

Serbia

Germany Maintains Sanctions Against Republic *[TANJUG]* 26
Lifting Sanctions Proposed *[POLITIKA 11 Feb]* 27
Deputy Prime Minister on Kosovo Visit, Plans *[POLITIKA 1 Feb]* 27

Slovenia

Peterle Survives No-Confidence Vote *[TANJUG]* 28
Austria Intends To Protect German Minority *[DELO 6 Feb]* 28
Montenegrin Businesses Promote Trade *[DELO 4 Feb]* 29

Yugoslavia

Bosnia-Hercegovina—The EC officially informed the Government of Bosnia-Hercegovina that an observer mission will be sent "to monitor and control the conduct of the referendum" on Bosnia-Hercegovina's status, TANJUG reports. The Serbian Renaissance Movement has refused to participate, calling "the referendum question" "illegal and illegitimate" and "proposed by a rump presidency... and adopted by this republic's rump assembly."

Croatia—TANJUG reports that the "Republic of Serbian Krajina" Interior Ministry (MUP) issued a statement requesting "volunteers serving in territorial units 'without legal basis'... to leave these units immediately and make themselves available to the Knin Corps." The MUP order, signed by Interior Minister Milan Martic, states: "Failure to observe this order will result in the obligation to leave the territory of the Republic of Serbian Krajina within eight hours after learning of the order."

Bulgaria

The Union of Democratic Forces (SDS) has issued a statement in response to the Bulgarian Socialist Party's (BSP) "intentions" "to overthrow elected institutions, including parliament," BTA reports. According to the SDS, former communists and State Security employees "dictated" these objectives because of the "decisive changes" in the Bulgarian economy and society. The statement reads: "...the SDS is determined to take all legal measures applied to terrorist organizations, including their banning, if the appeals of the BSP for overthrowing the government and parliament continue." An SDS spokesman pointed out that there are "concrete data and documents" that identify certain participants in "conspiratorial actions."

Czechoslovakia

According to CSTK, Slovak Prime Minister Jan Carnogursky termed the U.S. State Department report on human rights in Czechoslovakia "objective, positive and balanced" in a meeting with U.S. Ambassador Shirley Temple Black on 19 February. Earlier, Slovak National Council Deputy Chairman Jan Klepac criticized the report, claiming that "it represented Slovakia as anti-semetic."

Communist Party Aktiv Launches Electoral Campaign

AU1602192292 Tirana Radio Tirana Network in Albanian 1830 GMT 16 Feb 92

[Text] The Albanian Communist Party [PKSh] held an aktiv to launch its electoral campaign in the Tirana Palace of Culture at 1100 GMT today. Representatives from Tirana and other districts took part.

PKSh Chairman Hysni Milloshi made a speech, pointing out the work the party has done since its foundation to publicize its program and setting out duties for the future electoral campaign. He emphasized that it is essential for the communists to be represented in the People's Assembly. Comrade Hysni Milloshi then spoke about the great role played by Comrade Enver Hoxha, calling him the greatest man the Albanian nation has ever produced. He emphasized that Enver Hoxha's Albania was unfairly betrayed by the highest leadership of the former Albanian Workers Party, and this has meant that Albania no longer belongs to the Albanians. He also emphasized that the opposition is continuing in its unbridled offensive to denigrate the PKSh, its members, and its ideals. He said that we must respond to the anticommunist campaign with revolutionary courage. This is the duty the times have set for every ordinary member of the PKSh.

He went on to say that we must explain and make clear to the people that a major act of treachery has been perpetrated in Albania, and that the country is being sold to foreigners. We must argue that the overthrow of socialism and the establishment of capitalism is a tragedy. In capitalism, democracy is an empty word, while in socialism there is genuine democracy, joy, and happiness.

Representatives from the districts of Mirdite, Kukes, Skrapar, Diber, and elsewhere then took the floor, and spoke about the work they have done in their districts to spread communist ideals and to prepare for the electoral campaign. They expressed confidence that they will win in the upcoming elections.

Those present incessantly shouted in support of the PKSh, Comrade Enver Hoxha, and Comrade Hysni Milloshi.

Socialist Party Organizes Campaign Meeting

AU1902180992 Tirana ATA in English 1006 GMT 19 Feb 92

[Text] Tirana, February 19 (ATA)—The Steering Committee of the Socialist Party [SP] for Berat District organized a meeting which marked the opening of the election campaign for the district.

In his address the chairman of the Steering Committee of the SP of Albania Fatos Nano stressed that the SP is a serious political force and guarantees that democracy in our country should not be built on slogans but on culture and knowledge, so that it be never false. In the present situation we should know how to honour and respect one another because the message of cooperation in the name of the homeland is above everything.

Concentrating on the program of the SP, Fatos Nano pointed out that the socialist alternative is such that Albanians are the first to become owners, they are masters of this country. We, he underlined, will respond to the alternative that the majority become owners and not a handful of people. He quoted examples from European life which offers social support for the majority of people.

After stressing that we are for the market economy with social dimensions, where the state guarantees the support by law, he treated of the problem of national reconciliation and unity, criticized the former system, the isolation from the world and experiments made with the people.

Then Fatos Nano responded the questions of the participants with regard to coalition with opposition, cooperation with socialist parties of Eurone, the observation of the rights of minority organization of emigration by the state.

Social Democratic Party Holds Meeting in Vlore

AU1902181392 Tirana ATA in English 1031 GMT 19 Feb 92

[Text] Tirana, February 19 (ATA)—The branch of Social Democratic Party for the district of Vlore held a meeting with the chairman of this party, Prof. Dr. Skender Gjinushi.

In his speech the chairman of the Social Democratic Party Skender Gjinushi dwelt among other things on the current grave political, economic and social situation, which is expected to be solved by March elections. He said that it is of no importance the date of elections, but their outcome, and we must make use of this chance to the benefit of the opposition, which laid the foundations of democracy in our country.

Further on, Skender Gjinushi spoke on the extension of this new political force. What strikes one's eyes is the large number of the intellectuals as well as the aim of the Social Democratic Party to win in the next elections as an indispensability of its presence in power as the sole leftist force of the opposition. The presence of the Social Democratic Party will enhance the credit of the new government and parliament before the world, due to the numerous links and relations it maintains with many homologous parties .

Speaking of the aims of this party following elections, he mentioned many directions of the work according to its program, mainly for the conception of political power and the creation of juridical state, giving priority to the stabilization of the situation in the countryside, the guarantee of foreign investments, accelerated escalation of the process of privatisation, etc.

In the end, he answered the questions of the participants regarding the work of Social Democratic Party in the countryside, the new Law of Elections, the ties with the socialist and social democratic parties of Europe.

SDS Warns BSP To Stop Appealing for Overthrow

AU1902205692 Sofia BTA in English 2032 GMT 19 Feb 92

[Text] Sofia, February 19 (BTA)—The parliamentary opposition Bulgarian Socialist (ex-communist) Party (BSP) is preparing to overthrow legally elected institutions, including parliament, it is said in a declaration of the parliamentary group of the Union of Democratic Forces (SDS) aired by the Bulgarian television tonight. According to the declaration, these intentions were dictated by the resistance of former communists and employees of the former State Security (the totalitarian political police) and of some present employees of the special services to the decisive changes in the Bulgarian society and economy.

Last week the Group of 39 (comprising MP's [member of parliament] of the Grand National Assembly in opposition to the BSP who demanded resolute steps for breaking with the totalitarian society and who were called extreme right by the Socialists) adopted a document of a similar content.

The declaration adopted today reads: As a ruling coalition the SDS is determined to take all legal measures applied to terrorist organizations, including their banning, if the appeals of the BSP for overthrowing the government and parliament continue.

Recently the press published statements by ministers and MP's warning of political plots. SDS spokesman Mikhail Nedelchev said: "We have concrete data and documents referring to certain personalities as participants in conspiratorial actions."

And an extensive article by Mr. Stefan Prodev MP and editor in chief of the Socialist "DUMA" daily, published in today's issue of the daily and headlined "The Time Has Come," reads: "The right-wing is on the offensive. It is time for all centre and left-wing political forces to respond likewise."

Kalugin Details KGB Involvment in Markov Murder

AU1902194392 Sofia BTA in English 1918 GMT 19 Feb 92

[Text] Sofia, February 19 (BTA)—At a news conference here today former Soviet counterintelligence chief Oleg Kalugin brought up details about the KGB's involvement in the preparation for the assassination of dissident writer Georgi Markov, an opponent to Todor Zhivkov's regime, in London in 1978. He was assassinated by the Bulgarian secret services at Zhivkov's order, the former KGB general said.

According to Oleg Kalugin, former KGB chiefs Chebrikov and Kryuchkov, as well as KGB agents whose names he has listed before the Bulgarian investigating authorities, know the particulars of the KGB's "technical assistance" in the preparation of Markov's assassination. (Chebrikov was also chief of the KGB's secret laboratory No. 12 which developed "unconventional" murder weapons.) The investigation has made considerable progress, according to Kalugin. He recommended to the competent Bulgarian authorities to request officially the United States to provide information obtained from former KGB officials who have defected to the United States.

Answering questions, Mr. Kalugin again denied any involvement of the Bulgarian secret service and the KGB in the assassination attempt against Pope John Paul II in 1981. Now "even the United States is not particularly interested" in this version which caused a stir in the past, Mr. Kalugin said answering a question by BTA. The former KGB general, who was recently on a visit to the United States, said that the United States considers "Bulgarian connection" hypothesis a mere fabrication, fanned up by Western secret services to discredit Bulgaria and, above all, the KGB. These are Mr. Kalugin's impressions of his talks with U.S. officials.

Mr. Kalugin said that he is fully aware of his own responsibility for Markov's assassination. He denied hypotheses that he was making disclosures "at somebody's order" and said he was guided by moral considerations. "We must tell the truth to our own peoples and the world to prove we can abide by the norms of the modern international community," Mr. Kalugin said. He described the KGB and the respective secret services in Bulgaria and the other former socialist countries as "monsters" and "states within the state," whose ultimate neutralization will take much time and effort.

Carnogursky: U.S. Human Rights Report 'Objective'

LD2002093192 Prague CSTK in English 1451 GMT 19 Feb 92

[Text] Bratislava Feb 19 (CSTK)—In a meeting today with U.S. Ambassador Shirley Temple Black, Slovak Premier Jan Carnogursky said the U.S. State Department's 1991 report on human rights in Czechoslovakia was objective, positive and balanced.

The report drew strong criticism from Slovak parliament vice chair Jan Klepac February 12, as he claimed, among other things, that it presented Slovakia as anti-semetic. Klepac is a member of Carnogursky's Christian Democratic Movement (KDH).

Also today, Carnogursky met with Yo'el Sher, Israel's ambassador to Czechoslovakia, to discuss cultural exchanges and preparations for a Slovak-Israeli exchange of university students. Carnogursky pledged his support for the completion of a monument to the holocaust in Bratislava, the cornerstone of which was laid by Israeli President Chaim Herzog on his visit to Czechoslovakia in October 1991.

Russian Offer for Ecological Damage Unacceptable

LD1902175692 Prague Stanice Ceskoslovensko Radio Network in Slovak 1600 GMT 19 Feb 92

[Text] Josef Vavrousek, minister chairman of the Federal Committee for the Environment, has confirmed that despite an agreement made in Moscow on the restitution of the damage caused by stationing Soviet troops in Czechoslovakia, fundamental differences remain. Speaking at a news conference in Prague he said the Russian side wants to use half the finances acquired by the sale of army property left behind for the purchase of prefabricated houses for 200,000 officers who returned from Czechoslovakia. This, however, is unacceptable to us since no resources would remain to eliminate ecological damage. Both sides assess the size of this damage differently.

Russian Envoy Allays Fears on Oil, Debt Repayment

AU1902185292 Prague HOSPODARSKE NOVINY in Czech 18 Feb 92 pp 1, 3

[Interview with Aleksandr Lebedev, ambassador of the Russian Federation to the CSFR, by Marcela Doleckova; place and date not given: "Russia Will Stay a Major Partner"]

[Excerpts] [passage omitted] [Doleckova] There is a certain nervousness in Czechoslovakia, caused by the possibility of oil supplies being cut off.

[Lebedev] Even though I rule out the possibility of a change in the political situation, it is highly unlikely that political factors will influence supplies of gas or oil. There is, however, a real danger of a decline of output. Nevertheless, the Czechoslovak side should shed its nervousness because the panicky reports on cuts in output may be somewhat exaggerated and could be exploited by international oil companies. We know about these cases.

The situation in Russia is complicated but it is not so unstable that a catastrophe would be imminent. The Russian side is interested in Czechoslovak investments in the Russian oil industry and in Czechoslovakia's more active part in the modernization of its oil extraction equipment. True, this chance is also open to Western Europe or to the United States but such participation could be of far greater importance to Czechoslovakia. [passage omitted]

[Doleckova] Is there a chance of Czechoslovakia's dollar assets in Russia being repaid?

[Lebedev] It goes without saying that we will repay the debt. Only a month ago I assumed that we would start repaying it this year. As a matter of fact, this intention, involving the repayment of $162 million, is embodied in the protocol that was signed in January. I realize that this is not a big sum but it would be a beginning. Unfortunately, the situation is not developing favorably. Nonetheless, the former USSR's total debt toward the CSFR of roughly $4.5 billion is composed of diverse items, including long-term credits, the repayment of which is due to start only a few years from now.

[Doleckova] But this debt increased, above all, in 1990 and it kept growing last year as well.

[Lebedev] This is unfortunately true and it worries us. However, the mechanism of indicative lists of goods was not the only cause of the debt's growth. We are very intensively exploring ways of halting the debt's growth and are looking for a system of repayment and for items with which to repay the debt. I would like to stress that there has recently been a positive shift in views in Russia on trade with Czechoslovakia. Our embassy, including the commercial department, is trying to convince the responsible officials in Moscow that the products offered to us by Czechoslovakia are common [obvykla] and absolutely necessary for our market and that they by no means perpetuate our technological backwardness—all the more so as Czechoslovak enterprises are improving their technological standard. The important thing is for us to correctly define our mutual needs and to do so in good time. [passage omitted] The outlook for trade is in my opinion very hopeful, especially now that ideological bias has been eliminated.

Baksay Seeks Legislation To Control Arms Trade

AU1902174092 Prague RUDE PRAVO in Czech 14 Feb 92 pp 1, 2

["ADA, NIG" report: "Minister Baksay: As Long as There Is No Law, Grenades Will Be Sold to Anyone"]

[Text] Prague— If the bill on business ventures with foreign countries and exports and imports is not approved, Czechoslovakia will become a banana republic selling grenades to anyone, Federal Minister of Foreign Trade Jozef Baksay told the Federal Assembly Defense and Security Affairs Committee on 13 February.

According to the minister, the approval of the Commercial Code has made the control of exports of arms and other substances and raw materials very problematic because, under the Commercial Code, anyone can trade in the aforementioned commodities. The proposed bill will not prevent anyone from dealing in military materiel but it will provide this trade with a clear legal framework. Under the proposed bill, only subjects in possession of a state permit would be able to export the goods in question.

According to the minister, in 1988 the volume of arms exports amounted to 22 billion korunas, in 1990 to 9.8 billion korunas, and last year to 5.63 billion korunas. He added that, although it is intended to continue limiting arms production, the fact that 100,000 people work in this line of business, people for whom it is necessary to secure work, must be taken into consideration.

Miklos Opposes Territorial Division of Privatization

AU1902193692 Bratislava NARODNA OBRODA in Slovak 15 Feb 92 pp 1, 2

[Interview with Ivan Miklos, Slovak minister for the privatization and administration of national property, by Igor Zvach in Bratislava on 13 February: "The Minister Cautions: Let Us Not Be Overly Hasty"]

[Excerpt] [Zvach] Czech Privatization Minister Jezek recently expressed the view that, under the coupon privatization as conceived now, citizens of the Slovak Republic can acquire a part of the Czech Republic's property, which would be a catastrophe for the Czech Republic in the event on the CSFR's breakup. Is it possible to look at the problem in this way?

[Miklos] I do not identify with Minister Jezek's opinion on this issue. The reason is simple. Even if Slovak investment privatization funds or citizens of the Slovak Republic directly invested their coupons in enterprises in the Czech Republic, it would be a two-way process. That is, Czech investment privatization funds or citizens, too, would invest in enterprises in the Slovak Republic in one way or another. Moreover, these processes will, most likely, take place on a very small scale. Most investors will focus on their domestic territory. It is likely that there will not be any large-scale acquisition of stakes in property that is in the other republic.

The factor possibly played a role in Mr. Jezek's considerations that, at the moment, the number of enterprises that are relatively better off economically is larger in the Czech Republic.

[Zvach] But is this not the case?

[Miklos] Perhaps, at the moment. But investing is a long-term affair. Many people will evidently realize that, from the long-term perspective, it is better to invest in an enterprise that may not be all that prosperous today, but whose situation could radically change in the near future through good management, the quality of which shareholders can influence very strongly. What seems to be a disadvantage at the moment may turn into an advantage. If for no other reason than because the shares of the less "sought after" companies will be cheaper, which means that citizens will be able to acquire more shares for their 1,000 investment points. In the event of an improvement in the company's economic situation, the market value of such a company can increase considerably.

[Zvach] But let us return to the catastrophe referred to by Minister Jezek.

[Miklos] Even if we theoretically, and I emphasize the word theoretically, considered the possibility of the CSFR's breakup, it would be impossible to speak of any catastrophe in connection with coupon privatization. We know that in countries with a functioning market economy, it is absolutely normal for citizens of one country to become owners of shares of companies that are located in another country. No one considers that to be a catastrophe. [passage omitted]

[Bratislava SMENA in Slovak on 14 February on page 2 carries a 600-word interview with Ivan Miklos by "RG". Asked to respond to Czech privatization Minister Jezek's proposal for a territorial division of coupon privatization, Miklos says: "The division of coupon privatization would be another 'nail in the coffin' of the federation, a very big nail. It is precisely common coupon privatization that is designed to reinforce the common state. We want to retain a common market. Even if the federation did break up, it must be clear to every economist that, to prevent unforeseeable economic consequences of the breakup, it will be necessary to retain a common market. And the capital market is an integral part of the market. That is another argument in favor of common coupon privatization, because a greater capital market, as well as a greater common market, means greater advantages."]

Carnogursky Discusses KDH 'Differences of Opinion'

AU1902165692 Bratislava SLOVENSKY DENNIK in Slovak 14 Feb 92 p 1

[Interview with Slovak Prime Minister Jan Carnogursky by Marta Ruzickova in Bratislava on 13 February: "The Opinion Differences Have Become More Visible"]

[Text] Immediately after the news conference held before the extraordinary meeting of the Christian Democratic Movement [KDH] Council Presidium yesterday, we asked KDH Chairman Jan Carnogursky about the situation in the movement.

[Ruzickova] You have always said that there are differences of opinion within your movement, yet the KDH is

outwardly unified. In the eyes of the public, this touted unity was strongly violated during the Slovak National Council Presidium vote yesterday evening [on the draft constitional treaty]. What stand did the Council Presidium adopt on that matter yesterday morning?

[Carnogursky] We discussed this matter in the Presidium. We stated that differences of opinion surfaced in a very visible manner, but we did not adopt any decision on this because we did not have time.

[Ruzickova] Will the KDH Council adopt a final decision on this matter?

[Carnogursky] The regular presidium that will meet as usual on 14 February and the KDH Council, too, will adopt the final decision.

[Ruzickova] Should the situation that has arisen be an important impulse forcing you to think about transforming your movement into a party?

[Carnogursky] The transformation of the movement into a party would only be a formal one, because nothing would change within the movement. In the statutes of our movement we already have regulations regarding discipline. Discipline does not depend on our name but on the statutes. Our statutes make it possible to enforce discipline even now.

[Ruzickova] Does that mean that we can say that some members of the movement violated the statutes during the voting?

[Carnogursky] No, not for the time being, since no one has decided on that matter yet.

[Ruzickova] Despite the fact that you consider the voting of the four KDH representatives in the Slovak National Council Presidium their personal stand on the text of the treaty, the public will be stricter when passing judgment on the matter and will percieve this as differences of opinion within the movement. This is not a good start for the KDH for the upcoming elections....

[Carnogursky] At this moment, this is a mere speculation.

KDH Statement on Rejection of Draft Treaty

AU1902162792 Bratislava SLOVENSKY DENNIK in Slovak 17 Feb 92 p 1

[Statement issued by the Christian Democratic Movement Council Presidium; place and date not given: "Personal Stands, Not the Movement's Position"]

[Text] On 14 February 1992, the Christian Democratic Movement [KDH] Council Presidium dealt with the situation that has arisen since the vote in the Slovak National Council Presidium on the draft treaty on the constitutional setup of a common state drawn up by the joint commission of the Slovak National Council and the Czech National Council. The KDH Council Presidium draws attention to the fact that, prior to the vote in the Slovak National Council Presidium, no KDH body had assumed a binding position on the draft treaty, because its text was being subjected to expert analysis. The 12 February 1992 vote by KDH deputies who are members of the Slovak National Council Presidium was therefore an expression of their personal stands on the draft treaty.

The KDH Council Presidium notes that the draft treaty worked out at Milovy does not run counter to resolutions of the KDH Council and the KDH Assembly, that it represents a new element in building the constitutional system of the common state from below, from the level of the republics, and that it signifies a positive shift in the extent of the republics' powers and their status as subjects under international law. The KDH Council Presidium is considering the situation that has arisen as a result of the Slovak National Council Presidium's rejection of the draft. It will submit a proposal on a further course of action at the next meeting of the KDH Council.

Dienstbier To Be Civic Movement Election Leader

AU1902202892 Prague LIDOVE NOVINY in Czech 17 Feb 92 p 2

["JAS" report: "Leaving the Civic Movement"]

[Text] Prague—At the Civic Movement [OH] republic council session yesterday, Zdenek Jicinsky and Petr Kucera, Federal Assembly deputies, who have until now represented OH colors in the parliament, left the movement. We have not received a straight answer to our question of whether Jicinsky and Kucera's decision was motivated by a transfer to the Social Democracy. Some OH representatives claim that both deputies can continue working in the OH club, others speak of a clear change in party affiliation, adding that Jicinsky and Kucera could appear on social Democracy's list of candidates. The council decided that Jiri Dienstbier will be the OH election leader.

Paper Claims Soviet Troop Withdrawal Halted

LD2002121692 Warsaw PAP in English 1202 GMT 20 Feb 92

[Text] Warsaw, Feb. 20—Not even one Soviet soldier has left Poland since last September when the pullout of former red army troops from Poland was halted. Moscow has also stopped to withdraw the military equipment of its army. Soldiers and equipment from liquidated (Soviet) units are transported to larger garrisons in Poland instead to the former Soviet Union, GAZETA WYBORCZA reported on Thursday [20 February]. According to the paper only supply transports leave Poland. Last January 71 such transports, that is 81 per cent of the planned number, which carried combat and personnel carriers, radiolocation stations and trucks, headed for the former Soviet Union.

In January the first operational transport was supposed to leave Poland but it was cancelled by the Soviet side for unknown reasons, GAZETA WYBORCZA said. However, according to PAP information the transport left the northern garrison of Borne-Sulinowo in mid-February.

GAZETA quotes Colonel Stefan Golebiowski, spokesman for the plenipotentiary for stationing Soviet troops in Poland, as saying that the Soviet side, despite numerous promises, had not provided yet a timetable for the withdrawal of former red army troops. "We are informed about handing over a Soviet army building to Polish authorities or pulling out a unit only when General Dubinin (commander of the Soviet troops in Poland) thinks it right," the colonel complained.

Under the agreement of October 1991, all combat units of the former red army are to leave Poland by November 15, 1992. A few thousand soldiers from logistics units are to remain by the end of 1993 to supervise the transit of Soviet troops from Germany.

Defense Official Interviewed on Soviet Pullout

AU1902202792 Warsaw POLSKA ZBROJNA in Polish 13 Feb 92 pp 1, 2

[Interview with Witold Chodakiewicz, vice minister of transportation and the maritime economy, by Roman Przeciszewski; place and date not given: "Behind the Scenes of Negotiations"]

[Text] [Przeciszewski] In a KRASNAYA ZVEZDA interview several days ago, Colonel General Viktor Dubynin, commander of the former Soviet Army Northern Group of Forces still stationed in Poland, discussed the transit of the Western Group of Forces from Germany via Poland. He accused the Polish delegation, and therefore you, since you belonged to it, of "inexplicable stubbornness," and political opportunism.

[Chodakiewicz] Instead of commenting, I will cite facts that have been little known until now. When the FRG and former USSR agreed about the pullout of Soviet forces from the territory of the former GDR, they forgot that Poland lies between Germany and the Soviet Union. We learned later that the Soviet side had pledged to brief us on the issue. However, they continued to think in the old way and believed that one way or another they would succeed in imposing some optimum solution on Poland on the basis of former documents. Of course we could not agree to that. Previous agreements between Poland and the USSR concluded between 1956 and 1958 concern only transport of supplies; therefore they could not possibly be applied to the evacuation of the biggest army in Europe. Ministers Skubiszewski and Makarczyk made that very plain. In this situation, the Soviet side proceeded to negotiate with us.

[Przeciszewski] As far as I know, these negotiations encountered a major obstacle right at the start. Apparently Poland wanted to make the transit of Soviet forces from Germany conditional upon the pullout of the Northern Group of Forces from Poland, but the Soviet Union disagreed. Is that true?

[Chodakiewicz] Yes. We said at the very outset that as long as Poland is not treated as an independent country, there is no possibility of a transit of Soviet forces through our country.

[Przeciszewski] General Dubynin reckons that as a result, Poland forfeited around 4 billion marks.

[Chodakiewicz] There are certain things that cannot be calculated in zlotys, rubles, or marks. There are things of supreme importance for every country. The government's opinion that the pullout of Soviet forces from Poland is more important than the transit of forces from Germany is part of the Polish raison d'etat. There is no political scheming hidden behind that.

[Przeciszewski] Later there were several instances of transports of the Western Group of Forces being detained by us. Was that necessary?

[Chodakiewicz] Please remember that the supply transports that were previously reported to the Polish Army General Staff, and the management of Polish State Railways passed through Poland without any hindrance. However, we did detain trains that had not been previously reported and that carried false registration numbers. One of these trains got as far as Tucholice. We even discussed the possible steps we could take with the interior minister, but because the trains contained the families of soldiers, we adopted a humanitarian approach and abandoned official procedures.

On another occasion, a Russian military transport from Germany got as far as Szczecin and was turned back. I was in Moscow at the time, attending international talks. General Kleymenev, deputy chief of staff, and General Dubynin asked me to let the train through. I contacted Warsaw and said we should let that transport pass through Poland. We did not mean to seal our border, but to demonstrate that we are a sovereign country and that decisions in this sphere should be left to us.

[Przeciszewski] That is the precise moment people began to say that these transports did not have to pass through Poland at all, and that if Poland did not want to earn any money from these transports, other countries certainly would want to do so.

[Chodakiewicz] Do not forget that there is no better route than Poland. The Czechs could offer only one route, an inconvenient one with restraints on the number of trains and cars and on axle weight. It is no coincidence that a major part of the Soviet forces in Czechoslovakia left that country via Poland. Last year there was yet another route—by sea. The German railways transported Western Group of Forces personnel and equipment free of charge to three ports, from where they were shipped to Klaipeda in Soviet ferries. However, political conditions have changed. Lithuania has declared independence and assumed a major portion....

[Przeciszewski] But Poland was blamed for the initial delays in withdrawing the Soviet Army from Germany. Is that surprising?

[Chodakiewicz] When we grew determined and made the transit through Poland of the forces stationed in Germany conditional upon the pullout of the forces stationed in Poland, the Soviet side launched a propaganda offensive in Germany and in the USSR. That is all history now. Last April we agreed that in a situation where talks on the pullout of Soviet forces have reached an advanced stage, the transit of forces may take place according to generally accepted international principles.

[Przeciszewski] What principles?

[Chodakiewicz] Transportation charges are based on the international transportation tariff that applies to the whole of Europe. This tariff is the point of departure for all talks on the subject of the Soviet pullout, and served as a point of departure on this occasion, too. Representatives of Polish State Railways agreed with the former Soviet Ministry of Transportation on a rate of 0.71 Swiss francs per kilometer. That was a decent rate, considering the fact that the trains were virtually empty in the return direction. Apart from that, transit shipments were restricted mainly to supplies, and there were up to two trains travelling through Poland per 24-hour period.

[Przeciszewski] Let me ask you again. Did we earn any money from these transports, or did we lose, as General Dubynin claims?

[Chodakiewicz] General Dubynin is the last person who should talk about losses. He has not even paid for his transports last year, and the sum of money involved is not trivial. He still owes us 28 million Swiss francs for military transports from Poland to Russia and vice versa, 7.7 million francs for the transit of forces from the CSFR to Russia, 2.1 million francs for the transit of forces from Russia to the FRG, and almost 2 million francs for the deployment of a special passenger train. That makes a total of about 40 million Swiss francs!

[Przeciszewski] What will the Russians pay for shipping their troops out of Germany?

[Chodakiewicz] We met representatives of the Western Group of Forces in Gdansk on 4-6 February, and we agreed to maintain the rate of 0.71 Swiss francs per kilometer if we let through two trains a day. However, if there are more trains, we will reduce the rate to 0.585 francs per kilometer. The Germans have pledged to cooperate with us, and the money we are owed will be paid via the German Railways. Money transfers will not take longer than six weeks, which is excellent considering the fact that documents used to take three months to get from one place to another.

[Przeciszewski] Why do you think General Dubynin accused you of political opportunism?

[Chodakiewicz] Opportunism? In that case, how would one explain the fact that last year, despite our difficult economic situation, we exempted so-called humanitarian transports to the Soviet Union, worth $1 million, from all charges? Our principle is to maintain the best possible relationships with the countries of the former USSR, and this is visible at every state. Vice Minister Suvorov, my counterpart in the Russian Ministry of Transportation, and I are succeeding in solving really difficult problems.

[Przeciszewski] I beg your pardon, but that almost sounds hard to believe. In Moscow PRAVDA, General Dubynin spoke about a deadlock in Polish-Russian talks. What is the truth?

[Chodakiewicz] I have already noticed the differences between what General Dubynin says and what other members of the Soviet negotiating team say. His dislike of Poland is well known. We have never played tit for tat, because we are concerned with honest, tactful talks, involving prospects for future cooperation. Yet the commander of the Northern Group of Forces guides himself purely by his own personal values. He did not attend the Moscow ceremony initialing the agreement on the pullout of Soviet forces, even though he attended the talks the previous day.

[Przeciszewski] Might that affect the entire process of Polish-Russian talks?

[Chodakiewicz] I should tell you what the talks are about. There is not the slightest problem with the transit of Soviet forces out of Germany, and a date for the pullout of the Northern Group of Forces from Poland has been set. Therefore, there is only one subject left to discuss, financial matters concerning the assets left behind by the Soviet forces. It is necessary to add up Poland's costs and Russia's costs and draw up a balance sheet, but General Dubynin is clearly afraid of that. Why does he not want any assessment to be made of the environmental damage in Poland caused by the Russian forces? General Dubynin's mouth is full of empty phrases.

Sometimes it looks as if he is still living in the time of martial law. He would like to extend the martial law era, but when he fails to do so, he creates all kinds of trouble. Nevertheless, General Dubynin will not succeed in spoiling Poland's relations with Russia. History cannot be turned back now.

[Przeciszewski] General Dubynin is also aiming blows at your ministry. He claims it is not possible to pull his forces out any faster because the technical capabilities of Polish State Railways prohibit it.

[Chodakiewicz] That is surely a misunderstanding. The Polish State Railways possess an enormous potential because while we were still in the Warsaw Pact, our country possessed the role of a supply infrastructure. I do not think there is any other country so well equipped with the ways and means to transport military men and equipment. Yet all this is despite our will and paid for out of our own money. If General Dubynin wants, I can immediately give him 60,000 railway carriages that are standing idle this very minute.

[Przeciszewski] General Dubynin is also the Russian Government's plenipotentiary for the pullout of the Northern Group of Forces from Poland. Do you not think that whatever he says may be considered the official stance of his government?

[Chodakiewicz] General Dubynin occupies a serious post that exerts influence on our relations, but we do manage to agree with the Russians despite the difficulties. This is not easy, but it does provide results. To illustrate the Polish authorities' alleged attitude toward the Northern Group of Forces, General Dubynin quoted the saying whereby even a monkey can catch a dead lion by the tail. Listening to what he says, another saying comes to mind—the dogs are barking, but the caravan continues on its way.

Olszewski Issues 'State of Nation' Report

AU1902143792 Warsaw RZECZPOSPOLITA in Polish 12 Feb 92 p 3

["Text" of the "State of the Nation" report issued by the Jan Olszewski government in Warsaw; date not given]

[Text] The first government of the Republic of Poland, appointed by a Sejm that, in turn, was formed following free elections, considers it its moral and political duty to draw up a "balance sheet of openness" and inform society of Poland's condition at a time when this government is assuming executive authority. This duty is all the greater because the state's present condition must be considered critical. For the sake of the country, the greatest threat and greatest challenge for the authorities and entire nation must be identified.

A failure by the previous two governments to prepare a preliminary balance sheet means that society is not completely aware either of the full extent of the devastation wrought by 45 years of communist rule, nor of the scale of the difficulties that democratic governments must overcome.

In this report, the government refrains from apportioning any blame or praise. The point is to present the factual state of affairs. Poland's achievements between 1989 and 1991 are indeniable and great, but the current profound economic and social crisis threatens their permanence.

Concentrating in this report on negative facts and threats, it is not our intention to belittle the achievements of the past two years.

The following must be considered to be the most important of these achievements:

—The appointment of the republic's supreme authorities following free elections;
—The restoration of civic and political liberties;
—The regaining of Poland's sovereignty;
—The confirmation by treaty of the border between Poland and united
Germany;
—The embarkation upon the road to a market economy;
—The restoration of normal currency status to the zloty;
—The eradication of crippling hyperinflation;
—The changeover from goods shortages, lines, and rationing, to
equilibrium and a broad choice of goods on the market;
—The conclusion of agreements on the possibilities of reducing Poland's
foreign debts;
—The establishment by treaty of a basis for Poland's rapprochement with
the European Communities.

Recognition is due to all those who contributed to these assets in the balance sheet. But it is also the government's duty to state that many of these achievements are in serious danger from the unfavorable phenomena and trends discussed in the report. A realization of these should form the point of departure for working out an anticrisis strategy and mobilizing efforts to save Poland.

The authors of this work encountered many difficulties in establishing the facts about the condition of the national economy. For example, the official statistics claim that wages in the private sector are over 10 percent lower than in the public sector. Obviously this does not reflect the truth. It merely illustrates a tendency to avoid the costs posed by tax and insurance. Neither is anyone able to establish the real extent of the so-called gray economic zone, i.e. unregistered and untaxed economic activity.

The Bodies of Authority

When Solidarity assumed full responsibility for the state in the autumn of 1989, there was no accompanying takeover of the entire apparatus of authority, nor was

there a thorough reconstruction of the system. Free presidential elections were not held until one year later, and free parliamentary elections not until two years later. Throughout this entire period, a system of dual authority existed in Poland. A reform of state institutions has only just commenced. A reform of the public administration is still in the planning stage. But the democratic camp is still blamed for the economic and social difficulties.

The extent of the powers of and mutual relations between the supreme bodies of state authority—the Sejm, president, and government—have not been clearly defined. That makes it difficult for these bodies to perform their duties. It will be impossible to set the state in order without adopting a new constitution.

A prolongation of the present provisional state of affairs, marked by vacancies in the posts of chairman of the Supreme Chamber of Control and of the Polish National Bank, makes efficient work by these institutions difficult.

The Condition of the Law

On the whole, the legal regulations in force in Poland are ambiguous, too extensive, and incoherent. Rules and regulations from different eras appear side by side. Most of them are not suited to the new political principles and altered economic and social conditions.

The regulations with which the legislators intended to set in motion the reforms from 1989 onwards often prove faulty when exposed to the new phenomena of life. The haste with which many rules have been formulated in recent years has had a detrimental effect on the overall quality of recent legislation. Rules have been altered many times during the legislative process, thus affecting the coherence of individual laws and the entire legal order.

Loopholes and inconsistencies in the legal system, coupled with the inertia of control bodies and the confusion concerning their powers, encourage various forms of economic crime, ranging from petty deception and tax evasion, right up to large-scale economic scandals. The conversion from a communist economy to a market economy has not been enshrined in legal principles. The scandals involving the Foreign Debt Servicing Fund and the "Art-B" company serve as examples illustrating the shortcomings of the law. Due to the existence of legal loopholes, many activities detrimental to the state or commercial clients appear to be clothed in a semblance of legality.

All in all, we have a "shaky" legal system beset with unsuitable regulations, loopholes, and inconsistencies. As a result, there is an overlapping of powers and responsibilities, rational and purposeful activity is difficult to perform, and there is a tendency toward distortions and wrongdoing in many spheres of life.

There is not a single sphere in the life of the nation that does not need major legislative changes. This applies particularly to the economy, the social sphere, and the functioning of the administration.

The long and complicated legal procedures presently in force were designed to function in conditions of stability. In the present conditions of instability, they merely slow down and curb the effectiveness of anticrisis and reformist activity.

Domestic Security

Common crime is continuing at an alarming level. Over the past two years the crime rate has been at its highest level since 1918. Although the number of petty crimes fell insignificantly in 1991, some particularly dangerous types of crime increased markedly, for example the number of homicides increased by 33 percent. Organized crime, for example international gangs, is on the increase.

The process of privatization and cash-free financial transactions have given rise to new categories of crime. These involve the creation of fictitious companies in order to avoid paying tax, and the use of these companies as a screen for large-scale economic deception. Such companies are also used as a screen for fictitious foreign trade. There are cases of illegal transfers of funds abroad and so-called money laundries.

At the same time, it must be said that the number of economic crimes solved remains disproportionately low in relation to the total level of crime. This is because of the liberalness of legal rules, which are not suited to the requirements of the present situation; the weakness of the system of information; and the shortage of technological resources at the disposal of the police and Office for the Protection of the State.

The expansion of the central and regional administration, including economic administration, is causing a great outflow of political, economic, and commercial information, and sometimes strategic defense information as well. There is a visible sign of a failure by administrative employees to identify themselves with the interests of the state.

The borders of our country are too insecure to prevent illegal attempts to cross them, especially by citizens of the former communist countries intent on remaining in Poland or trying to get to the West via Poland.

The services of the Ministry of Internal Affairs, which are expected to effectively counteract the abovementioned phenomena, are suffering the same disastrous symptoms of financial shortages as the remaining spheres of the national budget. Technical resources are woefully inadequate compared with the scale of the tasks to be performed and the dangers that exist. Personnel shortages are a major hindrance to normal work, for example the personnel status of the Border Defense

Forces is only 75 percent of the planned level, and that of the police is 90 percent of the planned level.

The Functioning of Public Offices and Institutions

By and large, the structure and rules of functioning of the state administration and its attendant services are a product of the communist system, and are unsuited to a free market and to the standards of a democratic state of law. Changes to the government administration have been minor and superficial. The local government reform has stopped dead in its tracks, so to speak, because the work on a rational division of powers between the central government and local government bodies has never been completed.

The system of fiscal control and bank supervision needs to be improved and adapted to a market economy. There is a disproportion between the extent of economic wrongdoing and the possibilities of preventing it.

The crisis in the public sector is also the result of personnel issues. The abolition of the old nomenklatura system and of political discrimination in the selection of state employees has not yet given rise to a new system that would guarantee the professionalism of such employees and new, impartial criteria for their assessment and promotion. The creation of such a system requires time and money, the shortage of which is causing a chronic deficiency in this sphere. The best professionals are leaving offices, schools, and hospitals because of the low wages, often several times lower than the wages these people could earn with their qualifications in the private sector, and the influx of young and gifted people to these jobs is small. As far as education is concerned, one can safely say that there is a negative selection of personnel.

Because of the money shortages, organizations financed by the budget are compelled to reduce and even suspend their normal work, with disastrous social consequences. For example, in many judicial institutions (courts and prosecutor's offices), the money is barely sufficient to pay wages and the maintenance costs of the premises, but not sufficient for legal procedures such as the questioning of witnesses or preparation of reports. The budget of the Health Ministry, set at an already modest 41.7 trillion zlotys [Z] for 1991, was reduced in September to a even more modest Z38.5 trillion, which could mean the closure of hospital departments and even entire medical facilities.

The Ministry of the National Defense budget has fallen by 56 percent over the past four years. Deliveries of new equipment to the Army have virtually ceased altogether, signifying a threat to the entire defense industry. It has been necessary to discontinue many forms of training and release conscripts from their basic military service before their time is up. There is a shortage of housing for 13,000 professional soldiers. The abovementioned factors are destroying the country's defense capability and sapping the morale of military cadres.

The sums of money for budget-financed institutions envisaged in the provisional budget are barely 50 percent of the amounts considered by the relevant institutions to be the absolute minimum that they need. Every ministry is in arrears with payments, for example, the Ministry of National Education owes over Z4 trillion.

The Economy

The Polish economy is in a state of deep collapse. Inflation is still high, the fall in production and services has reached a catastrophic level, the state financial system has disintegrated, and the banking system and financial institutions are in an increasingly difficult situation. The conversion of the Polish economy from a planned one to a market one is having a very unfavorable effect on trade. The old economic structures of CEMA and the USSR have disappeared, and yet at the same time countries with a market economy are experiencing a period of stagnation.

Inflation in 1991 was about 70 percent, even though the combating of inflation had been the primary aim of economic policy in 1991 and 1990. The sources of inflation—an archaic structure of the economy and the existence of unprofitable enterprises—have not been removed. The enormous budget deficit poses the danger of even greater inflation.

The high level of inflation has been accompanied by a constant fall in industrial output and services. In 1991, industrial output fell by 11.9 percent in relation to 1990, and by 33.2 percent in relation to 1989, whereby the falling trend in industry is constantly deteriorating.

Industrial output in the first quarter of 1991 was 4.7 percent lower than in the first quarter of 1990, in the second quarter of 1991 it was 11.2 percent lower than in the second quarter of 1990, in the third quarter of 1991 it was 14 percent lower than in the third quarter of 1990, and in the final quarter of 1991 it was 17.1 percent lower than in the final quarter of 1990. At the same time, the profitability of industrial enterprises has been falling from one month to the next, so that in the first quarter of 1991 10.2 percent of these enterprises were profitable, and at the end of November 1991 only 6.2 percent of them were profitable.

The basic reason for the industrial recession is the low domestic demand for goods and services and difficulties with selling these goods and services abroad, especially since the collapse of the former CEMA market, which was the sole market for many of our products. The CEMA market never demanded civilized standards, therefore it perpetuated our economy's backwardness. The more our market is inundated with imported goods, of superior quality and at lower prices, the more difficult it is to sell Polish goods at home.

The year 1991 saw a further fall in investments in the national economy. Enterprises have no money, and most of their income goes on paying the wages of their employees. In agriculture, the fall in investments is the

result of a fall in farmers' incomes. In the national economy as a whole, investments in 1991 fell by 30 percent, but in agriculture alone they fell by 50 percent.

Because of the falling level of investments in the national economy over the past few years, the condition of fixed assets has deteriorated. In 1990, the depreciation of fixed assets inside enterprises throughout the economy amounted to 53 percent, and the depreciation of machinery and equipment amounted to 73 percent. Such a high degree of depreciation of capital and assets is one of the reasons for the low and uncompetitive quality of industrial goods and the deteriorating working conditions of employees. It also poses the danger of greater environmental damage.

Building and refurbishing work has also fallen. In 1991 it was 6.8 percent less than in 1990, and 16 percent less than in 1989.

Unfavorable relationships between prices and incomes in agriculture have existed for two years. In 1991, the prices of goods sold by farmers increased much more slowly than the prices of the goods they themselves had to buy for production purposes. As a result, the price index, the so-called "price scissors," was unfavorable, amounting to about 75 percent of the 1990 level and 35 percent of the 1989 level. Because of the unfavorable prices-wages relationships for agriculture and the decrease in current outlay on agricultural production, overall agricultural production fell by 2 percent in 1991.

In 1991 a fall in exports (by about 2 percent in relation to the previous year) was noted for the first time in 10 years, at the same time as which imports increased drastically. The trade surplus fell considerably, from Z45.5 trillion in 1990, to a mere Z2.1 trillion in 1991. The reasons for this include the collapse of exports to the former CEMA countries and the increase in the value of the zloty in relation to hard currencies, thanks to which exported commodities became dearer and imported commodities became cheaper.

The presence of foreign capital in Poland is not great, only about $700 million. That proves that Poland is not an attractive country for foreign investors.

Privatization is proceeding at a sluggish pace. Since 1 August 1990, 1,258 enterprises have received the go-ahead for privatization. Of this number, 26 enterprises have experienced the privatization of their capital, 950 enterprises have undergone liquidation as the first stage in privatization, and 198 enterprises have seen the completion of their privatization. Income from privatization amounts to Z3 trillion, instead of the expected Z15 trillion.

Productivity in Poland is very low, yet it fell by another 4 percent in 1991. Unemployment increased more slowly than the decrease in production and services.

In 1991, real wages rose by an average of 2 percent. However, due to the fall in productivity, the increase in the prices of raw materials, and difficulties with the procurement of goods, wages measured in terms of factory spending increased by 23.7 percent. In other words, out of the income they earned, enterprises had to pay out, in the form of wages, almost 25 percent more than in 1990. That reduced the competitiveness of Polish products in relation to foreign ones.

The rise in unemployment is one of the results of the economic recession. Unemployment practically doubled in 1991, and reached 2.2 million in December, i.e. 11 percent of the working population. At the same time, a number of enterprises have been fulfilling a welfare function for a long time now, and have been paying out benefits instead of wages. These enterprises are on the verge of liquidation. However, some people registered as unemployed are drawing benefits and performing unregistered economic activity at the same time.

The Breakdown of Public Finance

Public finance is in a state of collapse as a result of the profound economic recession. As economic entities had low turnovers and minimal profits, state budget revenue derived from sales tax and income tax fell significantly. The reduction in revenue was further compounded by payment arrears, payment deferrals, and the poor efficiency of the fiscal apparatus in exacting the payment of taxes.

With respect to state budget expenditure, social benefits (including the payment of unemployment benefit) and the servicing of foreign debts constituted a growing burden.

Declining revenue and substantial state budget expenditure caused the collapse of the budget last year, which increased every three months (Z6 trillion at the end of March, Z22 trillion at the end of September, and Z31 trillion at the end of December). The result is a projected budget deficit of Z17.6 trillion at the end of the first quarter of 1992.

Debt is assuming enormous proportions. Enterprises have debts with the state and the state has debts with domestic and foreign institutions.

Liquidity problems and increased debt on the part of enterprises and farms are a widespread phenomenon. Among state enterprises, almost 40 percent are operating at a loss (that is, are not producing a profit). During 1991, the number of insolvent state enterprises almost doubled and almost half the total number of state farms has become insolvent. Many other enterprises would be shown to be in the red in reality if the payment of taxes were to be exacted. It would result in many enterprises going into liquidation, a further drop in output, and an increase in unemployment. The total debts of industrial enterprises are estimated to amount to about Z70 trillion, those of state farms to about Z5 trillion zlotys, and those of peasant farms to about Z3.3 trillion zlotys.

The known level of of tax arrears at the end of 1991 amounted to Z23.2 trillion, that is, 15.2 percent of the state budget revenue generated by taxes. Arrears in contributions to the Social Security Agency amounted to about 5 percent and arrears in the payment of social insurance contributions by farmers amounted to about 20 percent.

National public debt rose by Z127.4 trillion in 1991. State debt arrears run up by individual ministries amount to Z20 trillion (debts with the defense industry are particularly large) and those of voivodship administrations amount to about Z5 trillion. This places a great strain on this year's budget.

Our foreign debt amounted to 45 billion dollars. The agreement with the Paris Club (our creditor states) negotiated last year and providing a 50-percent reduction in debt is conditional on the IMF's approval of a three-year economic program and the extent to which the program is realized. The agreement stipulates that annual installments will continue to be paid, which places a serious burden on the economy. However, the economic results for 1991 do not satisfy the conditions contained in the IMF agreement.

One factor impacting on the structural crisis in public finance is the absence of a social insurance system in the true meaning of the term, that is, a system that would ensure that expenditure is covered by (capitalized) insurance contributions without the need for additional payments out of the state budget. This is the result of more than 40 years of neglect. Social welfare benefits are a growing burden on the slender means of state budget. The entire public health service is financed directly out of the state budget. Provision for benefits paid in connection with old age, disability, sickness, maternity, and supplements for children and benefits paid in the case of unemployment is formally made out of funds for specific purposes with the addition of contributions. However, the income produced by the funds only covers an increasingly smaller part of the costs of paying benefits and high subsidies out of the stat budget are necessary. In 1991, subsidies paid out of the budget accounted for 60 percent of the Labor Fund's revenue. In the case of the Social Insurance Fund, subsidies paid out of the budget accounted for 20 percent, and 90.5 percent of social insurance for farmers was financed out of the state budget. The provisional budget for the first quarter of 1992 envisages that subsidies to finance the payment of social insurance and unemployment benefits will account for 25 percent of total budget expenditure. In 1991, expenditure on social benefits accounted for 6.5 percent of gross domestic product, which was four times more than in 1987.

Over the past few years, there has been a deterioration in ratio of Poles of working age to those in the pre-working age group, that is, children and young people, and those in the post-working age group, that is, old people. For every 10 persons in the working age group, there are almost eight persons in the younger and older age groups. Over the past two years, the number of old-age and other benefit recipients who do not work has increased by about 15 percent.

In 1987, for every 100 persons in employment, there were 46 old-age and other benefit recipients, whereas today there already are 80. In agriculture, the number of old-age and other benefit recipients (1.99 million) has already exceeded the number of those who are insured (1.75 million). The more than 6 million old-age and other benefit recipients (apart from farmers) include 2.94 million persons receiving old-age pensions and almost the same number, 2.4 million persons, who are receiving disability pensions, including as many as 1.95 million who fall into the category III disability group.

The poor financial state of economic entities and the state has a negative impact on the banking system. Many bank debts cannot be recovered, because the enterprises that have debts to repay are insolvent. It is difficult to assess the scale of this phenomenon, but it may shortly become one of the state's most serious financial problems. The gross profitability index for banks decreased during the course of 1991 and amounted to 29 percent, whereas the index for the whole of 1990 amounted to 79.4 percent.

Negative phenomena in the economy have led to a significant drop in gross domestic product. Last year, national income fell by between 8 and 10 percent and by 20 percent over the past two years.

The Population's Standard of Living

Differences in the income levels of various social, occupational, and regional groups, as well as of families and individual persons have intensified. Any use of statistical averages in describing the situation has to be qualified by stating that such average figures obscure the divergence of incomes in society and do not reflect the magnitude of the poverty that is being experienced by a growing number of families.

It can be generally stated that the increase in individual real income in overall terms stands in contrast to the decline in output and investment and the crisis in public finance. In 1991, the increase in nominal incomes was somewhat higher than the increase in prices. The population's real income rose by 3.1 percent, and average wages rose by 2 percent. On the one had, average figures conceal an increase in wages in the six basic sectors of the economy of 4 percent and an increase of 15 percent in old-age and other benefits (along with a "leveling out" of benefit disparities) and, on the other hand, a 11-percent drop in real wages in the public sector and a drop of 18 percent in farming incomes.

Trends toward the end of the year can allow one to expect farmers' incomes to increase slightly. On the other hand, no improvement is expected in the case of public sector employees, and the freeze on public sector wages has been retained in the projected budget for the first quarter of 1992. The disparity between the wages of

public sector employees and those employed in the productive sphere of the economy is widening: In 1990, average public sector wages were somewhat higher than in the productive sphere of the economy, whereas by the end of 1991, they were only 76 percent of average wages in the productive sphere.

One gauge of the growing difference in the standard of living in society is the fact that, on the one had, savings held in bank accounts have increased and, on other hand, most families expenditure on current living costs (purchases of essential goods and services) as a share of total expenditure is increasing. In employee families, expenditure on these costs already accounts for an average 90 percent of income and for 98 percent in the case families of old-age and other benefit recipients. Housing and energy costs account for an increasingly larger share of expenditure. The number of families living in poverty is increasing. It is estimated that almost 80 percent of unemployed families live below the poverty line. The number of families permanently in receipt of welfare benefits is increasing: In 1991 the number trebled and reached 152,000.

While personal consumption rose slightly—an increase of between 6 and 8 percent—collective consumption markedly declined (in education, health care, and collective rest and recreation). The extent of direct financial support for activities of public institutions (for example, hospitals and schools) provided by citizens—in both open and concealed forms—is increasing.

The housing shortage and the poor quality of housing is undoubtedly the most acute problem being faced by our country. Polish apartments are among the smallest in Europe. At the same time, an average of three and half persons live in one apartment, which is a larger number than in any other European country. Every fourth Pole—9.5 million people—lives in bad housing. However, the number of apartments being built is continually declining: Over the past ten years, the figure has halved in relation to the size of the population. It is estimated that 3,600,000 new apartments will have to be built by the year 2000, but only 130,000 were built in 1991 (as many as in 1959), so the shortfall is growing dramatically. The inadequate extent of refurbishing and modernization work on older apartments makes the situation worse.

About one-third of Poland's territory is environmentally endangered. Upper Silesia is considered the most polluted area in Europe. Half the soil is too acidic; 75 percent of the forests are endangered; and only 5 percent of the water in rivers is classified as being of category one purity.

The health of Polish society has been continually deteriorating over the past few years. Whereas in other European countries people are living longer, the reverse is happening in our country. The number of mortalities among men in the 45-54 age group is 50 percent higher than in 1970.

The infant mortality rate is rising: It is 50 percent higher than the European average. The health of children and young people is deteriorating. The number of children being born with disabilities is increasing. The incidence of circulatory illnesses and tumors is increasing.

At the same time, expenditure on health care in Poland is only one-tenth of the expenditure in EC countries.

There are 2.5 million disabled Poles and a significant number have no prospect of undergoing effective rehabilitation.

The number of children and young people participating in various forms of recreational activity, sport, and culture is decreasing. The percentage of young people attending high schools and colleges is declining. Poland occupies the penultimate place in Europe in terms of the number of students for every 1,000 inhabitants. The population has increased by about 2 million since 1980, whereas the number of students has fallen by 50,000.

In relation to the size of the population, we have half the number of young people in higher education as in European countries. The ratio of high school students is even worse. The lower educational level will cause us to become less competitive compared to other countries offering cheap labor.

The reduction in the funding of scientific research threatens to result in the closure of many scientific institutions. Two years ago, scientific research accounted for 2 percent of distributed national income, a year ago it was 0.8 percent, and the projected budget for the first quarter of 1992 envisages 0.4 percent. The essential minimum for maintaining active research communities in the latter part of the twentieth century is about 3 percent of national income.

The Media

The dissolution of the "Prasa-Ksiazka-Ruch" Workers' Cooperative Publishing House monopoly has produced mixed results and gives rise to many misgivings. Many titles have been take over by teams of journalists who worked for the party press. Steps were not taken to facilitate the setting up of new titles. It is quite a widely held belief that the political sympathies of the press do not reflect the political sympathies of the nation. The press makes full use of the freedoms provided by a free market system and the absence of censorship, but does not always feel that it bears a responsibility for the institutional foundations of these achievements.

A legal and organizational reform of television and radio has not been carried out thus far. Over the past two years, no new radio and television law has been passed that would abolish the state monopoly in this area. These institutions remain ill-adapted to operating in a democratic system and a free market economy. While formally belonging to the state, the mass media do not give the impression of feeling a responsibility for the state.

Social Moods

Sociological research indicates that the predominant feelings in society at the end of 1991 and the beginning of 1992 were anxiety and fear concerning the future. Almost two-thirds of persons polled believed that the situation in Poland was developing in a negative direction. Only one in five persons believed that it would improve during the course of this year; 76 percent considered the national economic situation to be bad; and 78 percent believed the people's material conditions to be bad. At the same time, the number of citizens who are actively involved in public affairs has been decreasing since June 1989, that is, the number of citizens who feel a responsibility for the state and believe that they have an influence on the life of the community. The poor election turnout is the best proof of this. Most citizens admit that they do not understand the purpose of the economic reforms and that they do not trust the authorities at both the national and local levels. The crisis of confidence in state institutions restricts the opportunities for activity by the authorities and the pursuit of any kind of long-term policy. Overcoming this crisis is a task for the authorities that is of no lesser importance than leading the economy out of the recession.

Concluding Remarks

This inventory of the condition of the state does not provide a full picture of Polish reality at the end of 1991 and the beginning of 1992. What were chosen were elements that are typical of the current situation and facts that indicate dangers requiring immediate countermeasures. Recently, the danger of a worsening of the situation has manifested itself in almost all areas of key importance for Polish collective life and for the future of the nation.

An awareness of the scale of the crisis affecting the state is essential for choosing the means of effecting a recovery and an improvement. In the light of the gravity of the situation and out of a feeling of responsibility for the country, the government has a right and a duty to tell society that efforts on the part of the authorities alone are not enough to meet present challenges, but what is needed is the mobilization of all society.

The organized response of numerous social groups and communities to the deteriorating economic situation most often takes the form of demands directed at the state that either require an increase in budget expenditure or a reduction in budget revenue. The extent of initiatives and forms of social solidarity that aim to effect an improvement outside state structures is modest. It is a paradox that against a background of the collapse of the budget and the inefficiency of the administrative apparatus, which makes it impossible for the state to exercise certain basic functions, it is being expected and demanded of the state that it undertake new tasks that would require the expenditure of even more funds, although not enough funds are available to maintain the functions of the state at a minimal level.

In the light of this situation, the government can and must take steps to prevent the budget crisis from assuming even greater proportions. Only once this rescue operation has been carried out, will it be possible to implement plans for effecting a general improvement. The government is currently preparing such plans and it will shortly submit them to parliament.

Bucharest Mayoral Contestants Outline Goals

AU2002102092 Bucharest ROMPRES in English 0851 GMT 20 Feb 92

[Text] Bucharest, ROMPRES 20/2/1992—The "final meeting" with journalists and supporters of the two candidates that remained in the race for Bucharest mayoralty-general, Crin Halaicu, for the Democratic Convention, and Cazimir Ionescu, representative of the National Salvation Front, took place on February 19 at Hotel Bucuresti. It was organized by daily LIBERTATEA and had Gabriel Giurgiu, television producer, as moderator, and Doru Pana, incumbent mayor of Bucharest, as "umpire." The candidates were posed questions regarding the tasks of the future mayor. Here are a few excerpts of the recorded "duel":

Crin Halaicu: For Sunday [23 February] I am counting on and waiting at polling stations for the majority of the 40 percent voters who were absent on February 9, as I hope they want a change in the capital. The electorate has started thinking, it no longer obeys blindfolded by the recommendations of the party chiefs. Encouragement of private enterprise. A big part of the blocks of flats that are not finished must be sold for much money so as to get funds to finish the others. We should give possession of the bare lands, according to the Land Law, so that houses may be built fast on them. The public transport—a major issue that should be settled in parallel with the road issue. A vital question—the City Hall's budget should grow, with revenues from more resources. The attraction of domestic and foreign capital in partnership with the City Hall, or else we will never have as much money as we need. By developing the services we will employ much work force in Bucharest.

Cazimir Ionescu: For Sunday, I am counting on the fact that I am representing a sociodemocratic political platform. The voters will take account of my political and managerial experience, as well as of my power to work, knowledge of industrial economics and of my good deeds. I will take care of the disadvantaged social categories. We did not have heat because we did not have firm contracts with the foreign suppliers of gas and fuel oil. Encouragement of private enterprise for productive and service firms, even family firms. The setting up of the body of public guards that should watch the public order. When every district has its multiple services and dense commercial network, the public transport gets decongested. It is easy to criticize and hard to come up with solutions when the bag is empty. I will support the young families to have the chance of a house and job. We should build blocks for 20-30 families on bare land, instead of only one house with garden, swimming pool and flowers by the gate. The mayor—the political man number one of the city.

PDAR Leader Reviews Party's Election Results

AU1902191992 Bucharest ROMPRES in English 1820 GMT 19 Feb 92

[Text] Bucharest ROMPRES 19/2/1992—Our state of mind is good after the first ballot, stated the chairman of the Agrarian Democratic Party of Romania (PDAR), Victor Surdu, at a news conference organized by that party. He specified that his party presented lists with 19,452 candidates for the office of councillors, of which 4,532 were elected, while of the 1,1552 nominees for the office of mayors 72 were elected, with 321 remaining to compete in the second ballot. In many counties the percentages the PDAR holds range between 10 and 15, but for the Counties of Brasov, Timis, Harghita and Bucharest City where they are lower.

As for the second ballot, Mr. Surdu underscored that the PDAR would support its candidates where they were to compete, while for the rest of it "they will elect the best administrators" with no intention to back any coalition or party. Assessing that the election campaign proceeded in normal conditions, Mr. Surdu mentioned there still were certain shortcomings owing especially to the lack of transport means and of a press organ of their own.

Campeanu Opposes Manolescu's Presidential Candidacy

AU1902190392 Bucharest ROMPRES in English 1812 GMT 19 Feb 92

[Text] Bucharest ROMPRES 19/2/1992—Radu Campeanu, chairman of the National Liberal Party [PNL], said, in an interview with the daily "ADEVARUL DE CLUJ," that Nicolae Manolescu, the chairman of the Civic Alliance Party made a mistake when he announced he would run for Romania's presidency, without having consulted the members of the Democratic Conventions. A similar opinion was expressed by Ion Ratiu, deputy of the Christian-Democratic National Peasant Party in the Chamber of Deputies. In the said interview the PNL leader mentioned that anti-Semitism was a matter solved once and for all in Romania, but he considered the party for the Romanians' National Unity to be anti-Hungarian, which is, in his opinion, a form of extremism.

Cabinet Discusses Further Election Measures

AU1902195792 Bucharest Radio Romania Network in Romanian 1800 GMT 19 Feb 92

[Excerpt] [passage omitted] Resuming the discussions on the government's tasks regarding the 9 February elections, the cabinet decided to set 19 April as the date for the election of councillors and mayors in those constituencies where they were not elected. In this context, the executives again discussed the situation in Sapinta village [Maramures County] on the basis of reports by the Central Electoral Commission. The executives demanded that the Prefecture of Maramures County—with the support of the Ministry of Interior—take all necessary measures to organize the election campaign and ensure the holding of elections under normal conditions and by strictly observing legal provisions. [passage omitted]

Federal

Government Welcomes UN Peacekeeping Forces

LD1902184392 Belgrade TANJUG in English 1724 GMT 19 Feb 92

[Text] Belgrade, February 19 (TANJUG)—The Yugoslav Government today welcomed "the United Nations readiness at sending peacekeeping troops to Yugoslavia as soon as possible,' and assessed that this 'decreased the danger of renewed conflicts." The Yugoslav Government warned that "all delays over the deployment of the peace troops could result in renewed armed conflicts," as set out by the Yugoslav government's information secretariat.

UN Secretary General Butrus Butrus Ghali's report demanding the deployment of the blue helmets to Yugoslavia was published by the United Nations yesterday.

The Yugoslav Government has assessed that the "forthcoming deployment of the peace troops to Yugoslavia will allow the peace conference on Yugoslavia to continue work as soon as possible in order that the Yugoslav crisis might be resolved in a peaceful way." The Yugoslav Government underscored that "it would do all in its power to create the necessary conditions for the reception and accomodation of the peace troops and the successful carrying out their tasks."

A statement issued after the government session says that special operative groups have been formed within the federal organs for carrying out tasks linked to the stay and activities of the peace troops, and that the Yugoslav government will set up a headquarters which will coordinate work between these operative groups. The Yugoslav State Committee for Cooperation with UN Representatives yesterday issued the concrete operative responsibilities of the federal, republican and local organs regarding the arrival and accomodation of United Nations peace troops. The Yugoslav Government has assessed the approach of the European Community ministerial meeting set out in the latest declaration on Yugoslavia, as realistic.

In the declaration, the EC foreign ministers welcomed Ghali's proposal for the deployment of the blue helmets in Yugoslavia and pointed out that it was necessary to strictly observe the Security Council's embargo on arms deliveries to Yugoslavia. The Yugoslav Government greeted the EC's readiness "to overcome limitations in economic relations with certain parts of the country."

EC foreign ministers announced the lifting of economic sanctions against Serbia in the near future, underscoring in the declaration that Serbia had taken a constructive stand in the resolving of the Yugoslav crisis, and that this would be "borne in mind when considering the adoption of positive measures."

FEC Issues Statement

LD1902173192 Belgrade TANJUG Domestic Service in Serbo-Croatian 1921 GMT 19 Feb 92

[Excerpt] Belgrade, 19 Feb (TANJUG)—At today's session, chaired by Aleksandar Mitrovic, the Federal Executive Council [FEC] was informed about the report submitted to the Security Council by UN Secretary General Butrus Butrus Ghali and about the proposal to dispatch peacekeeping forces to Yugoslavia.

The FEC Secretariat for Information has announced that the FEC welcomes the UN readiness to send the peacekeeping forces as soon as possible because, according to the federal government, this decreases the danger of a new outburst of clashes.

For its part, the Federal Executive Council will do everything necessary to create conditions for the reception and accomodation of the peacekeeping forces, as well as for the a successful fulfillment of their tasks. With a view to this, special operational groups charged with tasks connected with the stay and activities of the peacekeeping forces have been formed in federal bodies, and the coordination of the work of the federal bodies will be carried out by the operational headquarters attached to the Federal Executive Council. The FEC believes that every postponement of the dispatch of the peacekeeping forces could lead to a recurrence of armed clashes.

The conviction was expressed that the imminent sending of the peacekeeping forces to Yugoslavia will enable the resumption of the peace conference on Yugoslavia as soon as possible to resolve the Yugoslav crisis in a peaceful way. The FEC also assessed as realistic the attitude of the EC ministerial meeting, displayed in their latest declaration on Yugoslavia. It also welcomed the readiness of these (EC) countries to overcome the limitations in economic relations with certain parts of Yugoslavia. [passage omitted]

Bosnia-Hercegovina

Serbian Movement Says Referendum 'Illegal'

LD1902181292 Belgrade TANJUG Domestic Service in Serbo-Croatian 1413 GMT 19 Feb 92

[Text] Sarajevo, 19 Feb (TANJUG)—We will not take part in the referendum and we will not recommend that our sympathisers and the Serbian people take part because we consider the referendum question to be illegal and illegitimate. This was said during a press conference today given by the Serbian Renaissance Movement for Bosnia-Hercegovina [Srpski pokret obnove za BIH].

This party's representatives give three reasons for this stance: the referendum was proposed by a rump presidency, recommended by a rump government (the reference is to Bosnia-Hercegovia and not to the SFRY), and adopted by this republic's rump assembly.

Regardless of who is carrying it out, we consider both a referendum and a plebiscite to be the most democratic expression of the will of the people, and consequently we do not deny the esteemed Muslim people the right to express their views on and opt for whatever they wish.

EC To Monitor Referendum

LD1902182992 Belgrade TANJUG Domestic Service in Serbo-Croatian 1454 GMT 19 Feb 92

[Text] Sarajevo, 19 Feb (TANJUG)—At today's session of the organizational committee for the preparation of the republican referendum on the status of Bosnia-Hercegovina, it was announced that the European Community has officially informed the Government of Bosnia-Hercegovina about the dispatch of an observer mission to monitor and control the conduct of the referendum. This was said in today's statement of the organizational committee for the preparation of the republican referendum.

The observer mission will consist of a delegation of deputies from all the EC member states, a delegation of deputies from the European Parliament, and the permanent mission in Bosnia- Hercegovina, the statement says.

Protest Interrupts Sarajevo Media Programming

AU1902122892 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 18 Feb 92

[Text] To protest the refusal of the Government of Bosnia-Hercegovina to negotiate with the strike committee of Sarajevo Radio and Television, the seizure of a transmitter belonging to Sarajevo Radio and Television, and the nonpayment of license fees, all Sarajevo Radio and Television programs went off the air between 1945 [1845 GMT] and 2000 this evening.

The strike committee has sent a request to the Government of Bosnia-Hercegovina proposing the soonest possible date for the beginning of negotiations between the government and a team of strike committee negotiators. The strike committee decided to expand the negotiating team today with a representative from the Independent Trade Union of Workers of [word indistinct] News Publishing Information Service.

At today's session, the strike committee set the final deadline for meeting its demands, which have been sent to the Sarajevo Radio and Television management committee and the Bosnia-Hercegovina Government. If negotiations with these parties do not bear fruit by 10 March, Sarajevo Radio and Television employees will begin a general strike.

SDA's Ajanovic Offers Views on Current Issues

AU1902155692 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 18 Feb 92

[Ljubomir Nikolic report]

[Text] In the opinion of Irfan Ajanovic and his Party of Democratic Action [SDA], the conditions for the negotiations between the three ruling national parties, the second round of which may be held in Lisbon or Venice over the coming weekend [22-23 February], will be more favorable after the referendum. In our opinion, however, it is also desirable to hold talks before this time, but we do not believe in any agreement (?since) it has not been reached in the past year and even longer than that, Ajanovic said.

Regarding the demand of the Croatian Democratic Community for the referendum question to be changed, Irfan Ajanovic deems it groundless because, in his opinion, the EC only wants the citizens of Bosnia-Hercegovina to state whether they favor a sovereign and independent Bosnia-Hercegovina.

Ajanovic again opposed the plans to divide the republic into cantons and pointed out that one can only speak about a regionalization based on [word indistinct]-economic and not national-ethnic principle. In his opinion, one of the leaders of the Croatian Democratic Community, Miro Lasic, made a contradictory statement yesterday when he said that his party does not favor a division of Bosnia-Hercegovina and immediately followed that with a demand for unalienable Croatian territories in Bosnia-Hercegovina to be (?proclaimed).

Regarding the guarantees for the equality and sovereignty of Serbian and Croatian peoples in this republic that are demanded by the Serbian Democratic Party and the Croatian Democratic Community, Irfan Ajanovic said today that it is difficult to guarantee anything today, but that the SDA is ready to agree to the full equality of all citizens and peoples in Bosnia-Hercegovina.

The protest of all people employed in the Sarajevo Radio and Television who demand a 100-percent pay increase, to be given back the transmitters taken away from them, and to be helped by the Republican Government in charging subscription fee was also touched upon today. When your correspondent asked him why the SDA, the only one of the ruling parties not having made any serious remarks about radio and television programs, fails to more resolutely support these justified demands, Irfan Ajanovic replied that his party still advocates a united Sarajevo Radio and Television, but that the enterprise also has to make an effort about an internal reorganization and more economical operations.

Ajanovic failed to comment the fact that Rusmir Mahmutcehajic, republican vice premier and one of the leaders of the SDA, refused to negotiate with representatives of the strike committee. The situation in the Sarajevo Radio and Television can be perhaps best

illustrated by the fact that journalists receive about 10,000 dinars per month. They are resolute in their demands, and if these are not met by 10 March, employees of the Sarajevo Radio and Television are going to stage a general strike.

Territorial Partition Discussed in Mostar

92BA0508D Sarajevo OSLOBODJENJE in Serbo-Croatian 6 Feb 92 p 3

[Article by M. Bojanic: "After Stormy Session of Serbian Democratic Party of Mostar: 'Migration' Under Karadzic!?"—first paragraph is OSLOBODJENJE introduction]

[Text] The leadership of the SDS [Serbian Democratic Party] of B-H [Bosnia-Hercegovina] has been criticized for its unclear position on the Neretva valley and for the satisfaction of top-ranking individuals in the party with the "border on the Neretva."

Mostar, 3 Feb—Quite clearly, the meeting of the Opstina Committee of the SDS in Mostar held overnight behind closed doors was rather stormy. The meeting featured lively polemics, both about party policy and about the announced "divisions" in the Neretva valley. Especially critical was the guest from Sarajevo, Aleksa Buha, who did not hesitate to express the view that "a layer of profiteers has attached itself to the SDS of B-H, which is working on criminal affairs under the guise of the party, while in many opstinas the SDS is simply a legal cover for crime." On the other hand, moreover, SDS of B-H policy was criticized for being, as it was stated, a defensive policy because, allegedly, after the proclamation of the "Serbian Republic of Bosnia-Hercegovina" it was not stated clearly what regions this "covers," and parallel to this the party "should have immediately initiated the establishment of all forms of governmental rule in its territories."

No "milder" in his remarks was Branko Simic, the vice president of the "government of the SAO [Serbian Autonomous Region of] Hercegovina," who alleged that the Serbian people in the Neretva valley and in Mostar have "paid" the highest price for the wrongful Serbian personnel policy, whereby they have been placed in a position that is even worse than it was under communism. Furthermore, the leadership of the SDS of B-H was criticized for its unclear position on the Neretva valley and for the satisfaction of top-ranking individuals in the party with the "border on the Neretva." For that reason, it was reportedly stated clearly at the meeting that "what the Serbs in Mostar would get through this sort of partition and demarcation would be a greater misfortune than what they suffered in 1945," and that a new campaign would be waged against the Serbs, similar to the one under Arsenije Carnojevic, "the only difference being that now this would not be Arsenije, but rather Mr. Karadzic"?!

Allegedly, around 25,000 Serbs would be left on the right bank of the Neretva through this sort of partition of Mostar, so that an open question was also raised during the meeting: To whom will these people turn, and "is the SDS the political force that articulates all of their interests"? Given the view that negotiations between the SDS and the HDZ [Croatian Democratic Community] of B-H "could be Croatian trap," one of the participants in the discussion, Milenko Kulidzan, the vice chairman of the Mostar Opstina Committee of the SDS, said:

"The interests of Serbs throughout the entire territory of Yugoslavia have not had a clear political conception about how to correctly resolve and establish Serbian national identity. Perhaps we have not had the courage or enough strength to say that we will not achieve our goals through the formulation of Yugoslavia. What has Slobodan Milosevic done with his foreign policy? We are not present in it anywhere!"

A number of the participants in the meeting in Mostar emphasized that at this moment the Serbian Orthodox Church is "the only force that can ensure a homogenization of interests on the level of the entire national essence," and that consideration should be given to certain comments directed at individual politicians in recent times by His Holiness Patriarch Pavle.

Somewhat surprised at what was leaked to the public from the Mostar meeting, Mostar SDS headquarters emphasizes that it is malicious to overemphasize Buha's statement about "the party as a cover for crime." It is maintained here that this is nothing more than an ordinary confrontation between different opinions, and that in accordance with the party's very name there was in fact a "democratic dialogue" which can only contribute to the more efficient future work of the party. Because, as the chairman of the Mostar Opstina Committee of the SDS, Anto Nikolic, says, without this sort of dialogue it is not possible to reach a sound and unified position.

Croatia

Separovic, Vance Discuss UN Operation

LD1902203792 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 19 Feb 92

[Vladimir Drobnjak report from New York]

[Excerpt] Croatian Foreign Affairs Minister Zvonimir Separovic continued his working visit to New York with a meeting with Cyrus Vance, the UN secretary generals special envoy for Yugoslavia. Numerous questions concerning the forthcoming peacekeeping operation on the territory of former Yugoslavia were discussed in a detailed conversation, and some uncertainties about the large-scale plan for the arrival of the blue helmets were resolved. Separovic stressed that Croatia firmly supports the arrival of the peacekeeping forces, and that there is no basis for doubts about the readiness of official Zagreb to give all the necessary assistance and cooperation to the blue helmets. Cyrus Vance said that he understands the

Croatian eagerness for the operation of the peacekeeping forces to be as short as possible, but he repeated the determination of the United Nations that the blue helmets should stay in Croatia until a firm political solution is found. That is why it is necessary to speed up the work of the Brussels conference on the Yugoslav crisis, because that is the framework within which the final answers should be sought. [passage omitted]

Diplomatic Relations Established With Finland

LD2002002192 Belgrade TANJUG in English 1626 GMT 19 Feb 92

[Text] Zagreb, Feb 19 (TANJUG)—The secessionist Yugoslav Republic of Croatia and Finland established diplomatic relations today. The document on the establishment of diplomatic relations was signed by representatives of Croatia and Finland in the Croatian Foreign Ministry in Zagreb today. The secessionist Yugoslav Republics of Croatia and Slovenia were first recognized by Germany late last year, and by the European Community on January 15, although the E.C. arbitration commission had assessed that Croatia did not meet the set conditions. Croatia has been recognized by around 40 countries so far.

Krajina Government Proposes Referendum on UN Plan

LD1902180892 Belgrade TANJUG Domestic Service in Serbo-Croatian 1617 GMT 19 Feb 92

[Text] Belgrade, 19 Feb (TANJUG)—The government of the Republic of Serbian Krajina has forwarded a proposal to the Krajina Assembly suggesting that a referendum on Cyrus Vance's peace plan be held on 7 and 8 March. As mentioned in the statement issued by its Belgrade office, the government made the assessment that the reasons causing the Assembly to put off the referendum originally scheduled for 22 and 23 February are justified. It is believed that because of the formation of six new municipalities on the Krajina Republic territory it is impossible to carry out the technical referendum preparations in so short a time. According to the Krajina office's statement, the government also took into account the fact that the war on Krajina territory has caused a great number of people to escape. Now they are returning in increasing numbers and applying for Republic of Serbian Krajina citizenship.

Bans Volunteering in Territorial Army

LD1902192492 Belgrade TANJUG Domestic Service in Serbo-Croatian 1553 GMT 19 Feb 92

[Text] Knin, 19 Feb (TANJUG)—The Interior Ministry of the Republic of Serbian Krajina expressed its support today for "the establishment and peace-making function of a legal system in peace-time conditions." At the same time, a decree signed and issued by Milan Martic says that volunteers serving in territorial units "without legal basis" are requested to leave these units immediately and make themselves available to the Knin Corps.

The establishment of a legal system is a priority task for the Interior Ministry [MUP], Nikola Omanovic, assistant interior minister, told journalists today. In this region, he stressed, the rule of law must prevail through the implementation of positive rulings of Krajina Republic and federal laws.

MUP officials are united in this committment, as they are united when the interest of the Serbian nation is at issue, Omanovic said after the meeting with the internal affairs officials from 19 Krajina municipalities.

At this meeting, the representatives of the organs of internal affairs expressed their regret, Omanovic said, over the latest events in the Krajina Assembly and Government, but at the same time they assessed that political tensions are decreasing.

The officials also expressed their hope and conviction that the Republic of Serbian Krajina Assembly will act in a united way. They said that, on their part, they are strengtening their forces and will continue to guarantee peace and safety for all citizens of the republic.

Facilities at the police station in Knin, which is also the headquarters of the Krajina MUP, are being adapted as a part of the preparations for the arrival of the blue helmets. In this connection, Omamovic said: "We will be restructured quickly with the assistance and cooperation of the Yugoslav People's Army and the territorial defense."

The first step in this direction seems to be MUP order, signed by Minister Milan Martic, whereby all volunteers serving in territorial defense units on any grounds are to leave their units immediately and make themselves available to the Knin Corps command. Furthermore, the order states, "these units will be considered illegal and the creation of parallel armed formations in the Republic of Serbian Krajina will be rendered impossible." Failure to observe this order will result in the obligation to leave the territory of the Republic of Serbian Krajina within eight hours after learning of the order.

Weekly Announces New Foreign Affairs Minister

LD2002093592 Belgrade TANJUG Domestic Service in Serbo-Croatian 0848 GMT 20 Feb 92

[Text] Zagreb, 20 Feb (TANJUG)—The Zagreb weekly GLOBUS today carried the exclusive news that Croatia "has unexpectedly acquired a new foreign affairs minister," in Dr. Mate Granic, who is also deputy prime minister. Granic, replying to a question from the GLOBUS journalist, confirmed that it had been proposed to him that he take over this post, with the proviso that having taken up this office he would continue to remain deputy prime minister. He also stated that Dr.

Zvonimir Separovic, the present minister of foreign affairs of Croatia, "would most probably be the Croatian envoy in New York."

Tudjman on UN Peace Troops, Minority Issue

AU1902132592 Vienna DER STANDARD in German 19 Feb 92 p 3

[Interview with Croatian President Franjo Tudjman by Erhard Stackl and Zdzislaw Piotr Gwozdz in Zagreb; date not given: "We Have Made No Mistakes"]

[Text] [DER STANDARD] Mr. President, the Russian general consul has just presented Moscow's document of recognition to you. When do you expect his colleague from the United States to do the same thing?

[Tudjman] Now that 45 states have recognized Croatia, we can expect the United States to take this step in the near future. I hope that this will happen in two or three weeks. However, one should not make predictions.

[DER STANDARD] The dispatch on UN troops opens up a chance for peace. Are you trying to anticipate the future status of the Serbian occupied areas with new arguments?

[Tudjman] The most important thing is for the Yugoslav Federal Army to leave the entire Croatian territory and to withdraw from the occupied areas after the arrival of the peacekeeping troops. This also applies to the irregular units, the Chetniks, "White Eagles," or whatever they are called, who received weapons from the Yugoslav Army.

[DER STANDARD] But you have stated that technical questions are still open, including a decision on the currency that is to be used.

[Tudjman] In these areas, which are Croatian territory, Croatian currency will naturally be used. Since the beginning of negotiations with the EC, the Croatian Government has only been requested to granted civil and national rights to the Serbian minority.

[DER STANDARD] The Vance plan, however, suggests that the status quo should be maintained until a solution is achieved through negotiations. Zagreb is currently hardly in control of these areas.

[Tudjman] According to the Vance plan, the Federal Army and the militia, who control these areas, must withdraw. It is true that a local administration is being established there that reflects the share of the minority in the population. However, the legal order is Croatian.

[DER STANDARD] You have stated that full protection of the minorities will only be implemented if the Croats are granted minority rights in other republics as well.

[Tudjman] Our constitutional law ensures all civil and national rights for the Serbs in Croatia. If there should still be problems, we are willing to discuss them. However, we expect these rights to be realized in other states as well that are forming on the former Yugoslav territory. EC experts have confirmed that the Croatian law on the protection of minorities is better than similar laws in Western Europe. Future regulations must be accompanied by measures in other republics..

[DER STANDARD] In retrospect, do you believe that Croatia made mistakes concerning the Serbian minority at the beginning of the conflict?

[Tudjman] No. We have made no mistakes. We even offered extremist Serbs participation in the government and in parliament. However, some Serbian politicians wanted to cause unrest. Thus, they looked for men among the extremists who organized an uprising against Croatia. It was not an operation by all Serbs in Croatia, only individual elements participated. They were not only pursuing a policy aimed at establishing a greater Serbia, but they also wanted to topple the democratic government in Croatia and to restore communist socialism. I do not know whether you know that the areas that are still being held by the Yugoslav Army represent 26 percent of Croatia's territory. Only 34 percent of the Croatian Serbs live in these areas. Serbs account for 10-12 percent of the population, totaling 580,000. This shows that this problem was artificially created.

[DER STANDARD] The U.S. "Helsinki Watch" group sent you a letter, mentioning human rights violations, abductions, and executions by the Croatian Armed Forces.

[Tudjman] I have received this letter. However, as you know, the Helsinki committee reported earlier that atrocities were carried out by the Federal Army and the guerrillas on Croatian territory. This is a barbaric war. The largest number of victims are civilians. Settlements, villages, and entire towns have been destroyed. In this situation, individual reprisals occurred that were never accepted by the Croatian Government. The government took measures to call those who were responsible to account, so that things like that cannot be repeated.

[DER STANDARD] Some Croatian officials made statements that do not reflect this spirit.

[Tudjman] I received a letter today that a Doroslav Paraga (head of the ultra rightist Croatian Defense Force) addressed to the U.S. Congress, claiming that illegal activities are taking place in Croatia. As a matter of fact, it was the members of his unit who committed atrocities. They were no longer under the control of the Croatian Government. They wanted to compromise the democratic government.

[DER STANDARD] In Osijek, defense chief Banimir Glavas is calling for the punishment of all who did not participate in the defense of the town. Interior Ministry official Tomislav Mercep allegedly has his own private

police. Admiral Letica makes political statements as a soldier. Is there anything you can do against this?

[Tudjman] Yes, there is. We have instructed the public prosecutor and the Interior Ministry to take resolute action against illegal activities. Anarchy must be stopped, and the rule of law must be introduced in Croatia. What did Letica say?

[DER STANDARD] He said that Croatia will liberate the occupied areas with force should this be necessary.

[Tudjman] Well, if the Yugoslav Army and the armed Chetnik groups do not withdraw upon the arrival of the blue berets, and if the Chetnik groups are not disarmed, Croatia will have no choice but to liberate the occupied areas with all available means and to restore the Croatian legal order. This is in line with the EC statement that borders must not be changed through the use of force.

[DER STANDARD] The material war damage alone is estimated at over $20 billion. What measures is the government taking to improve the economy?

[Tudjman] We have achieved a great deal since we replaced the old communist system by a democratic government. We have succeeded in defending our country and in establishing a big army. Despite the destruction, the economic situation in Croatia is not worse than in Serbia, Slovenia, Poland, or the CSFR. This is due to the fact that the whole population supported the government and that Croatian emigrants and the democratic public everywhere in the world provided help. At the end of the war, we expect a general upswing.

[DER STANDARD] Just like Austria, Croatia has repeatedly been confronted with accusations from abroad that it deals in a careless way with its problematic past. Schools and roads are now being named after the politicians of the old "Independent State of Croatia" (NDH), such as Mile Budac. Does this not fuel criticism?

[Tudjman] The opponents to Croatia's independence have done everything possible to compromise our democratic government, claiming that it continues the policy of World War II. It is true that the Croats also wanted their own state during World War II, and it is also true that the "Independent State of Croatia" was founded as a result of Hitler's restructuring of Europe, and that Ante Pavelic pursued a pro-fascist policy. However, this does not mean that the Croats are a pro-fascist people guilty of genocide. During World War II, the Croatian people suffered more than the Serbs. In spite of the establishment of the NDH state, anti-fascist resistance in Croatia was stronger than in any other part of Yugoslavia. It is a distortion of history if one claims that the Croats were fascists during the war, and it is a lie to accuse the current democratic government of continuing the tradition of the fascist Pavelic regime.

[DER STANDARD] You wrote a letter to Edgar Bronfman from the World Jewish Council saying that the Croats are not anti-Semitic. Have you received a reply?

[Tudjman] I cannot remember whether he replied. The head of government deals with such things. I can only say that we maintain relations with numerous Jewish organizations. There are individual persons among these organizations that are influenced by Serbian propaganda. A German document from the year 1942 states that the "Jewish question has only been settled on Serbian territory, whereas in Croatia Jews are being protected by the population, by the church, and even by members of the NDH regime.

[DER STANDARD] If this is true, how do you explain the fact that various passages from your history books caused great excitement?

[Tudjman] One can always select quotes in an arbitrary way. If you want, you can draw the conclusion from the Bible that God is a devil. It is not new that quotes are often wrong. What about your last question?

[DER STANDARD] You have promised new elections as soon as peace is restored. When will people go to the polls?

[Tudjman] In the summer.

[DER STANDARD] When will UN peacekeeping troops arrive?

[Tudjman] We expect them in the next two to three weeks.

Tudjman on Babic, Occupied Territories, Bosnia

92BA0507A Zagreb VJESNIK in Serbo-Croatian 4 Feb 92 p 3

[Article by Aleksa Crnjakovic on press conference given by Croatian President Franjo Tudjman: "Babic's Desertion Does Not Change the Peace Plan"]

[Text] Three topics dominated the regular press conference that the president of the Croatian Republic, Dr. Franjo Tudjman, convenes once a month in the Zagorje Villa: the political turmoil in Bosnia-Hercegovina's HDZ [Croatian Democratic Community], especially since the resignation of Stjepan Kljuic; the future of the peace plan after the renegade Milan Babic's "defiance" of headquarters in Belgrade; and the upcoming elections in the Croatian Republic.

President Tudjman does not call the turmoil among the Croats in Bosnia-Hercegovina a crisis, but rather disagreements over nuances with respect to current political issues. Dr. Tudjman is convinced that Babic's desertion from Belgrade will not essentially disrupt the peace plan, even if a deadlock has occurred precisely because the UN representatives began negotiations with the rebel forces, even after an agreement had been achieved between the two opposing sides—the Croatians on one hand and the

Serbian army on the other. Dr. Tudjman skillfully avoided giving a specific answer to a specific question—exactly when he would schedule elections—by saying only that the elections would be held "when the political and security situation permits it."

At the press conference, the president of the Croatian Republic also explained the Croatian proposal for establishing an interim council in the areas of the so-called Krajinas. That council would include one representative each from the Croatian authorities, the Serbian population in the crisis area, and a UN representative, and its basic purpose would be to form an interim local administration which, in accordance with the constitutional and legal order of the Republic of Croatia, would hold power until new elections in Croatia.

The Occupied Areas Will Be Liberated

[Question] How would you comment on the deadlock in implementing the peace plan, and will the Croatian authorities liberate the temporarily occupied areas if the "blue helmets" do not come?

[Tudjman] The deadlock occurred precisely because the UN representatives started talks with the rebel forces, even after an agreement had been reached in principle. The fact is that there has been dissension among the Serbian representatives, and no agreement has been reached. I think that all the difficulties over carrying out the peace plan will be overcome, and that the peacekeeping forces will come to Croatia. If that does not happen, however, Croatia will find a way to liberate all of its territory!

[Question] It seems that a crisis is occurring in the Bosnia-Hercegovina HDZ. How would you comment on it? The atmosphere in Croatia is reminiscent of a real election campaign. Does that mean that there will be new elections soon?

[Tudjman] There has not been a crisis in the Bosnia-Hercegovina HDZ, but rather, as in any political party, after all, differences over nuances regarding current political issues. The fact is that the focus of the crisis is shifting to Bosnia-Hercegovina, and that relations are very complicated there, especially because of the high concentration of army forces, and so it is clear that a lively discussion is being conducted on resolving the political situation. One should not neglect the fact that in practice the areas with a Serbian majority have been split off, and that the Croatian population is concerned about its own future. The Croatian population in Bosnia-Hercegovina is united.

Yes, in a certain sense an election campaign has started. We are committed to new elections by the constitution. The electoral system is a combination of majority and proportional systems, because we think that in that way the democratic will of the population of Croatia can be expressed; that such rules will contribute to the stability of the political situation and the stability of the government; and that the political orientations of the population will also be expressed.

The Aggressor Cannot Win the War

[Question] Did you talk with Izetbegovic in Davos?

[Tudjman] Yes, and I told him that all the political issues could be resolved if there was a will to cooperate on both sides.

[Question] How would you comment on the different maps that have been appearing recently regarding a partition of Bosnia-Hercegovina? How would you comment on Jovic's statement that Goulding's plan is actually Serbia's plan?

[Tudjman] I am not keeping track of all those maps about the partition of Bosnia-Hercegovina. The essential thing is to find a political solution for the crisis, and to prevent bloodshed and the destruction of Bosnia-Hercegovina by war. In the discussions, one should also take historical circumstances into account, but the essential thing is to find the solution that will satisfy the world.

I really am surprised by Mr. Jovic's statement, because people do not remember that it was precisely the Serbian side that disputed the possibility of the arrival of peacekeeping forces, and even threatened to prevent it by force of arms. We have always been in agreement with sending peacekeeping forces, on the basis of the proposal from the Brussels conference, and that plan contains specific provisions that borders cannot be changed by force and that the army has to abandon all Croatian territory, after which the peacekeeping forces will be sent to the crisis areas. Those are the principles that are the basis for the Security Council's plan.

Army Hawks

[Question] In spite of the principle that the army has to abandon Croatian territory, its forces are digging in, and bunkers are being built in Baranja and the Cetinje Krajina. Isn't that an indication that the army will not abide by the peace plan? When exactly will elections be scheduled? Can you explain to us the function of the interim council that, according to a Croatian proposal, would be formed in the so-called Krajinas?

[Tudjman] The army will have to abandon all Croatian territory. The fact that it is digging in may mean that there are also hawks in the army who want to continue to wage war against Croatia. They ought to know that they cannot win the war. Even when we were weaker ourselves, we managed to prevent the conquest of Croatian territory. Today they have fewer forces, and we have larger defensive forces. Today the war would be waged against a sovereign, independent, and internationally recognized Croatia, and thus for that reason Croatia would be in a more favorable position today. The army will be forced to abandon Croatian territory peacefully. We hope that we will achieve this with assistance from

the peacekeeping forces. We will never reconcile ourselves to the occupation or partition of our country.

I will schedule the elections when the political and security situation permits.

As far as the establishment of an interim council in the so-called Krajinas is concerned, our viewpoint proceeded from the fact that the renegade forces that initiated the uprising against Croatia have overthrown the democratically elected authorities in the opstinas of the Krajinas. We sought to have those authorities restored, but they have been eliminated by the Chetnik extremist forces. It is almost impossible to restore those authorities, and we have therefore proposed forming an interim council which would include representatives of the Croatian authorities, the Serbs in those opstinas, and a UN representative, and forming an interim local administration in agreement, which would conduct proceedings in accordance with the constitutional and legal order of Croatia.

[Question] To whom will the local police be responsible in the areas to be left by the army?

[Tudjman] The local police will be responsible both to the local authorities and to the central authorities of the Republic of Croatia. We cannot consent to proposals that interrupt, even for a moment, the Croatian Republic's sovereignty in those areas.

Diplomatic Relations With Slovenia

[Question] During your visit to Davos, did you talk with Mr. Kucan?

[Tudjman] I spoke with the Slovene leadership, and we agreed that state delegations would meet soon in order to sign an agreement on establishing diplomatic relations, and to talk about economic and commercial issues. We will also talk about the establishment of customs offices and a regime at the border crossings, all aimed at facilitating the flow of people, so that the borders will be like the ones that Slovenia has with Austria, like the ones in Europe; in other words, so that they will be European borders.

[Question] What are the Croatian Republic and you personally doing in order to continue coexistence after the war between the two peoples, in view of the political and psychological difficulties?

[Tudjman] Yes, there are psychological problems with surmounting everything that has resulted from the barbaric, aggressive war, in which Croatian cities and villages have been destroyed, in which everything that recalls Croatian national history has been destroyed, which has destroyed more than 500 cultural monuments, including numerous churches, and because of which Croatian people have been driven from Croatian land. That war has left deep scars in the spiritual essence of the Croatian people, and great efforts will be necessary in order to overcome those problems and create the prerequisites for future coexistence. Croatia was the one that proposed even before the war that the crisis be resolved through the transformation of the untenable federation, in such a way as to create an alliance of sovereign states. In that way the war could have been avoided and the spiritual devastation could have been prevented, but our proposals were rejected and a war against Croatia was started, aimed at destroying the democratically elected authorities and conquering Croatian areas. A great deal of time will be needed to forget this evil. We have already demonstrated our good will, both in the constitution and in the constitutional law on minorities, through which we guaranteed all rights for members of all peoples. We are creating the prerequisites for coexistence between Serbs from Croatia and Croats, and for the establishment of relations between Croatia and Serbia, because nothing good can be built on hatred, war, and enmity. Reason must prevail, and the Croatian democratic authorities will do everything possible to make that happen. We will even offer a hand in reconciliation to those who started the war against Croatia, but we will never give up our sovereignty. The fact is that no retaliatory movement has arisen in Croatia against the Serbs who caused the war, and who wanted to split off part of Croatia's territory. Serbs live normally in Zagreb. The Croatian authorities are trying to prevent acts of lawlessness, which do occur, on the part of Croatian people who are angry because everything they had has been destroyed, and those closest to them have been killed, in their own country. One must not forget that the war was imposed on a Croatian land that was never Serbian, a land that accepted the Serbs who fled the Turks. Nevertheless, we will do everything possible to heal the wounds and create the prerequisites for coexistence with everyone.

[Question] The HDZ Executive Council has announced a political campaign against abuses and crime, and a special meeting of the government has also been announced, to be chaired by you, at which the establishment of a law-governed state is to be discussed.

[Tudjman] I have personally always emphasized the need for legality to prevail in Croatia, a law-governed state, and I am against violence and lawlessness, which have certainly occurred in this imposed war. We will prevent lawlessness. This will also be discussed at the special meeting of the government.

Yugoslavia Does Not Exist

[Question] How is the process of the disassociation of the former Yugoslavia proceeding? Will Croatia demand the protection of minority rights in the eastern part of the former Yugoslavia?

[Tudjman] In Davos, where the world's most eminent politicians gathered, it was stated that Yugoslavia did not exist and that it was necessary to settle relations with the final disappearance of that state, and to settle the issues of disassociation and succession. Serbia cannot

count on being able to play the role that Russia has as a successor to the Soviet Union. The problem of disassociation is an urgent one, and it will be the main task in resuming the peace conference on the former Yugoslavia. In this connection, there will also be talks on the issue of the retention of citizens of the Croatian Republic in the army. Croatia has met all the conditions requested by the EC with respect to the protection of minority rights, in contrast to Serbia, which has not done so. Croatia will do everything possible to seek the same rights for Croats in Serbia, especially in Vojvodina, but also in Montenegro, just as Serbia is seeking this for its minorities in other states.

Macedonia

Crude Oil Deliveries Arrive From Greece

AU1902121292 Belgrade Radio Beograd Network in Serbo-Croatian 1100 GMT 19 Feb 92

[Text] Some 40 tankers carrying crude oil for the refineries in Skopje and Pancevo crossed the Yugoslav-Greek border this morning. Since the Greek customs officers called off their strike, passenger and railroad traffic between the two countries has been running normally. Additional oil aboard ships docked at Thessalonica will likely be brought to our refineries.

Ethnic Commission Formed; No Serbs Represented

LD2002102192 Belgrade TANJUG in English 1809 GMT 19 Feb 92

[Text] Paris, Feb 19 (TANJUG)—President of the Yugoslav Republic of Macedonia Kiro Gligorov told the French Catholic daily LA CROIS that a special commission for ethnic questions has been formed in the Macedonian parliament. Gligorov underscored that the commission includes "representatives of all nationalities—Macedonians, Albanians, Turks, Romanies and others." He did not mention Serbs.

Serbs inhabit the north-eastern part of Macedonia near the city of Kumanovo and villages on Mount Skopska Crna Gora near the capital of Macedonia, Skoplje. Serbs account for 2.2 percent of Macedonia's two million 34,000 population.

The president of Macedonia, which applied to the European Community (E.C.) for recognition of sovereignty, also said that by the end of February the last soldier of the Federal Army will leave this Yugoslav republic. Gligorov on the occasion criticized the Yugoslav People's Army (JNA) "for wanting to take with it everything, even the radar and radio equipment from the airport."

"The former Yugoslavia is to blame for having created such a huge and expensive army at the detriment of the country's economic development," Kiro Gligorov said, otherwise longtime top federal official whose last post before retiring was president of the federal parliament. Otherwise, Gligorov had for years directly taken part in "shaping" the Yugoslav budget from which the "huge and expensive army" had been financed.

Ethnic Albanians Hold Party Congress

AU1802191592 Skopje FLAKA E VELLAZERIMIT in Albanian 12 Feb 92 pp 1,5

[Enver Shala, Reshat Qahili report: "Nevzat Halili Elected Chairman"]

[Text] Tetovo, 11 Feb—The first congress of the Party for Democratic Prosperity [PPD] was held for two days as planned and lasted into the small hours of a third day, making many decisions concerning the party's activities in the next four years. On the morning of 10 February, after a great deal of tiring work and after four hours of waiting for the votes to be counted, a 15-member central presidium was elected by secret ballot. Nevzat Halili was elected chairman by acclamation, Sami Ibrahimi and Arif Vinca were elected deputy chairmen, and Mithat Emini was elected secretary. These officers have held these posts since the PPD's foundation and will lead the party for the next four years. The congress also approved the PPD's statute, a resolution, and other congress documents, and elected a 55-member central assembly.

The two days of the PPD's first congress and the early hours of the third day demonstrated that all the delegates had set to work with special energy to make this congress a historic event for the Albanian people in Macedonia and beyond. The large number of delegates that spoke and the great interest displayed by the Macedonian and foreign public showed that a great deal was expected from the congress. Many local and foreign guests and a large number of journalists were also present.

It is true that the congress proceedings, especially the speeches of delegates who came from all the PPD's branches and sub-branches, were expected to shed light on the rumors of splits and disagreements in this largest Albanian party in Macedonia. Some delegates also said in their speeches that it was expected that this major gathering would unravel this skein. This was especially evident in the discussion of Article 38 of the PPD Statute, which did not precisely define who elects the central presidium and the leading party officials. The solution that the congress should undertake this task was proposed and approved. Four delegates expressed disagreement with this form of election and tendered their resignations, which were not accepted by those present. All this amazed the delegates, as was evident from the speech of one of them who said that he had heard of careerism, but could now see with his own eyes how matters were dealt with in the congress hall. This was proved by the fact that the hottest topic at the congress was the appointment of officers and not the party's fruitful work and democratic aims. It is worth mentioning the case of Mithat Emini, who was under the impression that organized efforts that he considered to be a conspiracy were being mounted against him. For the

sake of the smooth running of the proceedings and in order to avoid a split, he declared his readiness to withdraw his name from the list. However, the delegates opposed this during the voting and gave him a vote of confidence.

There were constructive but also overheated speeches about the documents. Nevzat Halili asked for two of his proposals to be inserted in the congress resolution: that the PPD will recognize the Republic of Macedonia on the condition that organs are created for the political and territorial autonomy of the Albanians in Macedonia; and that the PPD recognizes the Republic of Kosovo and will recognize the Republic of Macedonia if Macedonia also recognizes Kosovo. However, Habil Bexheti's speech in the discussion on the report on the party's work seemed to set the debate on different lines. Earlier speakers seemed inclined to talk about the party's work in a purely commendatory fashion, without criticism. H. Bexheti paved the way for more critical speeches, and Naser Zyberi, Muhamet Halili, Sazan Prapaniku, Xheladin Murati, etc. spoke in this vein.

Naser Zyberi said that the party has been plagued by the disease of eleventh-hour decisionmaking. The chairman's work has not been properly coordinated. Narrow circles have made important decisions, such as the decision for the referendum on the political and territorial autonomy of the Albanians in Macedonia. This leitmotif has also been present in relations between the presidium, the party, and the parliamentary group. Xheladin Murati said that we must democratize relations among ourselves. Democracy implies peace, calm, and tolerance. Unfortunately, some people merely take it as a catchphrase. Initiative and creativity are premises for democracy. He also said that we must not allow authorities to be created without reason, and that rationality must always triumph.

There were many reactions from the congress rostrum over the presidium's refusal to grant accredition to certain journalists. Muhamet Halili spoke on this question and said that when we wrote the PPD's electoral program two years ago, we strongly stressed that discrimination is alien to the PPD and that we would commit ourselves to freedom of the written word. Unfortunately, we see today that the journalist Daut Dauti and some others have been prevented from coming to the congress. In short, the written word has been shackled and a savage process of discrimination has begun. Remarks that the Albanians must be the king post in solving the Albanian question as a whole seem to me unpleasant and bigheaded, M. Halili said. The Albanians are determined on a democratic solution to their concerns. We have neither the economy nor the resources to solve these concerns by force. History has shown us that whenever anybody has reached for weapons, he has come to a bad end. In conclusion, he said, let us leave Albanian foreign policy in peace and not give it instructions from a distance. Thanks to its experience, Albanian diplomacy is able to distinguish state interests from national interests.

After being elected PPD chairman, Nevzat Halili said in his closing speech that whatever this party has done in the past, it will commit itself to doing more in the future. Through this party, the Albanian people in Macedonia have made their mark in Europe and beyond through meetings with intellectuals and well-known state leaders from all the world. This congress has ended its proceedings with success, even though there were currents and trends pointing the congress toward failure. Antidemocratic forces wanted this.

He expressed his gratitude to all those who had contributed to the success of the congress, especially the few women present and the journalists covering it.

PPD Chairman Nevzat Halili was born in 1946 in the village of Poroj near Tetovo. He completed his primary education in his birthplace and teacher training in Tetovo, graduating from the Skopje Philological Faculty's English Department in 1970. Until assuming fulltime office as PPD chairman, he worked as an English teacher in a medical high school.

PPD Secretary Mithat Emini was born in the village of Drugova near Kicevo. He completed high school in Tetovo and graduated from the Skopje Law Faculty in 1970. He worked as a professional associate at the Tetovo Court, secretary to Tehnometal, and secretary at the Tetovo Education Authority, where he was subjected to ideological discrimination.

According to the report of the Electoral Commission, the 250 delegates to the First PPD Congress elected from a selection of candidates and by a majority of votes the following 15 central presidium members: Nevzat Halili, Mithat Emini, Mahi Nesimi (political scientist), Ilir Luma (doctor), all from Tetovo; Mevlan Tahiri (engineer), Bexhet Bexheti (lawyer), and Sami Ibrahimi (English lecturer), from Skopje; Naser Selimi (economist) and Zydi Bilalli (doctor), from Gostivar; Muhedin Bajrami from Kicevo; Mojsi Daci (lawyer) from Debar; Arif Qoku (lecturer) from Ohrid; Arif Vinca (Albanologist) from Struga; Shaban Zendeli (economist) from Kumanovo; and Qenan Hasani (journalist) for Bitola, Prilep, Krusevo, and Makedonski Brod.

Serbia

Germany Maintains Sanctions Against Republic

LD2002110292 Belgrade TANJUG in English 1040 GMT 20 Feb 92

[Text] Belgrade, Feb 20 (TANJUG)—The Belgrade daily POLITIKA writes today that Germany hinders the lifting of the E.C. economic sanctions against Serbia and that the suspension of Germany's traffic agreements with Serbia will remain in force until further notice. The paper recalls that Bonn's initial promise to lift the sanctions when the ceasefire has been established is now being replaced by additional conditions.

They include the withdrawal of Serbia's alleged "territorial claims" against Croatia and other Yugoslav republics and "guarantees for the respect of human and minority rights", says POLITIKA.

The paper goes on to say that German Chancellor Helmut Kohl announced on January 22 that once peace had been established, "there will be no space for sanctions". According to POLITIKA, the Germans evidently believe that the lifting of sanctions and normalization of relations should be preceded by "Serbia's complete obedience".

In conclusion, the paper says that if the sanctions remain in force, then the decision to do so is strategic and rational, because, as a German reporter from Lisbon said, "the policy pursued by Belgrade does not correspond to Bonn's current interests".

Lifting Sanctions Proposed

92BA0508B Belgrade POLITIKA in Serbo-Croatian 11 Feb 92 p 1

[Article by Toma Milic: "Agreement by Expert Conference on Yugoslavia: EC Proposal To Suspend Sanctions Against Serbia"—first paragraph is POLITIKA introduction]

[Text] According to information from expert circles, a decision could be reached on Friday or Monday. The Serbian proposal that the "remainder" of Yugoslavia enter into a future association of states was accepted. Slovenia expressed its opposition.

At the end of last week, after a long pause and unnoticed by the public, experts from all the Yugoslav republics, together with their EC colleagues, resumed work in Brussels on preparing for a continuation of the peace conference on Yugoslavia. The impression of our experts is that whether the conference will continue, what its composition will be, and when it will happen depends on a decision by the Security Council to send blue helmets into Yugoslavia. Nevertheless, everyone expects that the conference will resume its work immediately after the arrival of peacekeeping forces in our country.

As we have learned unofficially, negotiations are also under way on releasing Serbia from EC sanctions. This move will be proposed by the experts from European countries who are participating in the conference to their governments. A decision on this is expected on the 14th or 17th of this month.

The commission of experts is currently working on "polishing up" the document by Lord Carrington which, we recall, relates to the creation of an association of states, or a common state of Yugoslav nations, but there continues to be major differences in the positions of the delegates.

The news and shift in last week's work of the conference body represents acceptance of Serbia's proposal that the "remainder" of Yugoslavia enter into a possible, future common association of states. This would allow for continuity in Yugoslav statehood. At previous meetings, EC experts and governments were unwilling even to discuss this. Naturally, everything now depends on the next plenary session of the conference and on agreements by the republics and nations that want to remain in Yugoslavia. For now, this means Serbia and Montenegro.

Slovenia informed the bodies of the conference on Yugoslavia that that republic is definitively "uninterested in the creation of an association of states in the present-day territory of Yugoslavia." We learned from the expert circles that the Macedonian delegation has made its entry into the association of states conditional on the presence of Slovenia.

To refresh the memory, the association of states based on the Carrington plan represents a legal and geographical creation that would guarantee a minimum of common rights and interests of the associated states.

Deputy Prime Minister on Kosovo Visit, Plans

92BA0508E Belgrade POLITIKA in Serbo-Croatian 1 Feb 92 p 8

[Article by Z. Zejneli: "Government Will Be a Continuous Presence in Kosmet"—first paragraph is POLITIKA introduction]

[Text] This will permit the creation of conditions for resolving certain serious problems, Zoran Arandjelovic said. The okrugs [districts] are an extended arm of the government. The interests of national minorities will be respected, but not from positions dictated by Albanian separatists.

Pristina, 31 Jan—Dr. Zoran Arandjelovic, the vice prime minister of the Republic of Serbia, spoke with journalists today about his visit to Kosmet. He presented the basic goals of the current Serbian government and emphasized that through its representatives it will be a continuous presence in that part of Serbia.

"What is involved here the intention of the government to create, in the short term, all the conditions for certain significant tasks to be carried out, tasks that are critical to overall life in Kosovo and Metohija. We are thinking here of the organization of government, the resolution of serious economic and other questions," Dr. Zoran Arandjelovic said.

Addressing the organization of government, Arandjelovic emphasized that the okrugs are an extended arm of the government, while the goal is for governmental authority to be exercised through them in all questions. The okrugs are not some sort of political-territorial entities, nor do they amount to a sort of "mini-government." This government inherited the problem of the okrugs, because the previous government dealt with this question for eight months, while this one solved the problem in one month, Dr. Arandjelovic said.

The government will appoint expert people as heads of the okrugs, and no solutions whatsoever can be imposed

here. National deputies cannot be named as heads, because they already hold posts.

In response to a question about whether the government will also impose personnel who have homes and apartments outside Kosmet, Dr. Arandjelovic said:

"The basic criterion is that responsible individuals work in the interest of Serbia. Such individuals will receive support, but those who want to turn a profit will not. As far as I myself am concerned, those who have apartments and homes outside Kosmet will not be supported."

Addressing economic questions, the vice prime minister emphasized that the government will apply all means, in terms of both personnel and finances, to assist in the development of important labor collectives, such as "Trepca," for example, and will do so through urgent action.

"In connection with this, consideration is being given to locating a number of departments in Kosmet. For example, there is the Department for Regional Development of Undeveloped Areas, and thus of Kosmet as well, which will be located in Pristina. The government will also support having experts occupy certain positions, regardless of their party affiliation, who can contribute to a resolution of the problems in Serbia."

Concerning the transformation of social ownership, Dr. Arandjelovic said that this is an issue that cannot be resolved in a few days. This issue is particularly sensitive in Kosmet, especially if those who want Kosovo to secede from the Republic of Serbia want to assume ownership.

As far as national minorities are concerned, the vice prime minister of Serbia said that the government is willing to respect the highest worldwide standards regarding this issue. However, it will not discuss the matter from a position of pressure and of dictates by Albanian separatists. In connection with this, the government has decided both legally and strategically that children of the Albanian national minority should be allowed to go to school, but not with a system of misuse of the child and of blackmail, but rather in accordance with the law and Constitution, Dr. Zoran Arandjelovic said.

[Box, p 8]

Names of Heads To Be Announced Wednesday

The government of the Republic of Serbia, after the talks and consultations that it has held, should announce the names of the heads of the okrugs in the Republic of Serbia as early as Wednesday. In this way, the okrugs will come into being, and once power has been consolidated, the conditions will be in place for local elections.

Slovenia

Peterle Survives No-Confidence Vote

LD1902213192 Belgrade TANJUG in English 2035 GMT 19 Feb 92

[Text] Ljubljana, February 19 (TANJUG)—Lojze Peterle has survived a no-confidence vote and remains the premier of the secessionist Yugoslav Republic of Slovenia. Candidate Marko Voljc did not get the mandate to form a new government at today's session of the Slovenian Parliament. Of the 240 deputies, 115 voted for Voljc, or six less than required. The vote of no confidence in Peterle's government was called by independent deputies in the Slovenian Parliament, who also nominated Voljc for the new premier. Voljc is now the director of the World Bank Department for Central and Southern America.

Austria Intends To Protect German Minority

92BA0487B Ljubljana DELO in Slovene 6 Feb 92 p 28

[Article by Vojko Flegar: "Vienna as the Protector of Austrians in Slovenia"—first paragraph is DELO introduction]

[Text] STANDARD summarizes a document from the Foreign Ministry on the German minority; but no equalization of status!

From our correspondent

Vienna, 5 Feb—With respect to the organization of the German-speaking minority in Slovenia, Austria naturally has the right to represent its aspirations vis-a-vis the Slovene government. It is self-evident that this also applies to the Slovene government in connection with representing the Slovene ethnic community in Austria. This was written, among other things, by the Austrian Foreign Ministry in a "paper on principles" that is 14 days old.

The principles or points of departure are supposed to have emerged on 20 January, immediately after the visit by Austrian Foreign Ministery Alois Mock to Ljubljana and Zagreb, and amount to two typed pages. This morning's DER STANDARD cites the essential ones on the first page, under the title "Vienna Wants to Be the Protector of German Speakers in Slovenia," and on the second page, under the title "Slovene-Croatian Guarantees." The Foreign Ministry confirmed for us that such a paper really exists, and that the Vienna daily summarized it correctly. In this regard, the Foreign Ministry's press representative expressed surprise that STANDARD had obtained it, but at the same time gave a negative answer to the question of whether DELO could get it, too.

As STANDARD summarizes the Austrian Foreign Ministry's paper, there are approximately 5,000 members of the German-speaking minority in the areas of Maribor,

Celje, Ptuj, and Gornja Radgona. The "Bridges to Peace" society founded in 1991 is striving for their recognition, among other things with the goal of having their security guaranteed by the constitution. The exact size of the minority is only to be known early this spring, after publication of the data from last year's census in Slovenia; we have learned that the number cited by the Foreign Ministry is based on an estimate by the above-mentioned society. According to the newspaper article, the Austrian Foreign Ministry does not support the demands of Carinthia's Heimatdienst for "equalization of the status" of the Slovene and German ethnic communities; in view of the different sizes of the two ethnic communities, that is not sensible.

The Austrian Foreign Ministry is already supposed to have received firm guarantees from the Slovene and Croatian Foreign Ministries that the Ljubljana and Zagreb governments will take care of the protection of the German-speaking minority in their states. STANDARD thus mentions that Foreign Ministry Alois Mock received assurances from Dimitrij Rupel about an "institutionalized dialogue with the ethnic community," and Croatian Foreign Minister Zvonimor Separovic is supposed to have guaranteed in writing the right to the free expression of the ethnic, cultural, linguistic, and religious identity of the German minority in Croatia as well.

Montenegrin Businesses Promote Trade

92BA0489A Ljubljana DELO in Slovene
4 Feb 92 p 4

[Article by Branko Jokic: "Obod Will Not Give Up Trade With Slovenia"—first paragraph is DELO introduction]

[Text] Numerous Montenegrin enterprises are calling for a renewal of economic and monetary flows; fear of tariffs.

Cetinje, 3 Feb—The general director of Cetinje's Obod, Momcilo Dapcevic, told us that this well-known Montenegrin household appliance factory, in spite of the "unpleasant" political events, has not interrupted its longstanding cooperation with the Slovene economy and market for a single instant.

Obod receives more than half of the components for manufacturing household appliances from Slovenia. As Dapcevic confirmed for us, this is not because they could not purchase the components from other producers, but rather because the terms offered by the Slovene producers are more favorable for them. That will also be the case in the future. They would only give up purchasing goods from Slovenia in the event that Slovenia introduced customs duties on goods exported to the Montenegrin market. That would be too expensive for Obod.

The factory director mentioned in particular the good relations with the TGA [alumina and aluminum works] factory in Kidricevo (from which they buy evaporation boilers), and also with Metalfax in Tolmin, Rotomehaniko in Idrija, and other producers. They have already talked about the contracts for this year, although there will be fewer of them than in previous years, because Obod is operating with reduced capacity.

Dapcevic also confirmed the fact that Obod would like to sell its products in the Slovene market by noting that it had maintained its representation and service center in Maribor, and in addition, it had already bought several places for its trucks for each trip on the ferry that would start to sail the short distance from Bar to Trieste. It is now transporting its products through Hungary, which makes shipping substantially more expensive.

Other economic collectives in Montenegro are more and more frequently publicly calling upon the republic's state and economic leadership to renew economic and monetary flows with Slovenia.